

SB

225

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 2/28/94

FURTHER:

DATE TURNED INTO OFFICE: 3-12-94

The Finance Committee considered **SENATE BILL NO. 225**

"An Act relating to credits against certain insurance taxes for contributions to certain educational institutions; and providing for an effective date."

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS SB 225 (HES)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

- adopts _____ Letter of Intent
- further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
<u>DOR</u>	<u>1-31-94</u>	<u>0</u>	
<u>DC+ED</u>	<u>1-20-94</u>		<u>(900.0)</u>

Appropriation No Fiscal Note

DO PASS:

Tim Kelly
Steve King
J. Keefe

OTHER RECOMMENDATIONS:

Paul Kelly (As Asst)
Ben Strong (As Rec.)

1. Oral Do Pass
 Co-Chair: Signature/Recommendation

2. True Verance - 10/2000
 Co-Chair: Signature/Recommendation

FISCAL NOTE

No: 2
 Bill Version: SB 225
 (S) Public's Date: 2-4-94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Revenue
 Title: Insurance Tax Credit: Gifts to Colleges BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Senator Kertula
 Requestor: (S) HES COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

	FY95	FY96	FY97	FY98	FY99	FY00
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE: General	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:
 FULL-TIME _____
 PART-TIME _____
 TEMPORARY _____
 Estimate of current year (FY94) impact: \$ 0

Changes in CS SB 225 (HES)
 reflect: NO FISCAL CHANGE from the original
 fiscal note. This fiscal note is appropriate.
2/4/94 baa
 date Comte Aide (initial)

ANALYSIS: (Attach a separate page if necessary.)
 ** It is not feasible to determine how credits claimed under this bill will impact credits claimed under AS Title 43 because credits under both Title 21 and Title 43 are competing for the \$150,000 total credit limitation. Amounts will vary depending on contributions made by taxpayers each year.

Prepared by: Larry E. Meyers Phone: 465-2320
 Division: Income and Excise Audit Date: January 31, 1994
 Approved by Commissioner: Darrel J. Rexwinkel Date: January 31, 1994
 Agency: Department of Revenue

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 For further information, contact the Department of Revenue, Legislative Office

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Version: SB 225
(S) Publish Date: 2-4-94

Revision Date: _____
Title: Insurance Tax Credits: Gifts to Colleges
Sponsor: Kerttula
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Insurance
Component: Operations
COMPONENT SERIAL NO. 354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	(900.0)	(900.0)	(900.0)	(900.0)	(900.0)	(900.0)
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GF 1004 & 68515
FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GFMHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

Changes in CSSB 225 (HES))
reflect NO FISCAL CHANGE from the original)
fiscal note. This fiscal note is appropriate.)
2/4/94 kan)
date Comte Aide (initial)

ANALYSIS: (Attach a separate page if necessary.)

This bill provides for a maximum annual premium tax credit of \$150,000 for cash gifts to Alaska colleges. Any tax credit will reduce general fund premium tax revenue (OMB 1004, SAS 68515) by a like amount. It is impossible to predict the amount of premium tax credits that would be applicable in any given year. However, if six companies claimed the maximum premium credit, the result would be a loss of \$900.0 to the general fund.

Prepared by: Joan Brown, Administrative Officer
Division: Insurance

Phone: 465-2597
Date: 1/20/94

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: _____

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CS FOR SENATE BILL NO. 225(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 2/4/94
Referred: JUD, FIN

Sponsor(s): SENATOR KERTTULA

A BILL

FOR AN ACT ENTITLED

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

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

4 * **Section 1.** AS 21.09.210 is amended by adding a new subsection to read:

5 (j) The provisions of AS 21.89.070 apply to a taxpayer who is required to pay
 6 a tax due under this section.

7 * **Sec. 2.** AS 21.66.110 is amended by adding a new subsection to read:

8 (b) The provisions of AS 21.89.070 apply to a taxpayer who is required to pay
 9 the tax due under this section.

10 * **Sec. 3.** AS 21.89 is amended by adding a new section to read:

11 **Sec. 21.89.070. INSURANCE TAX CREDIT FOR GIFTS TO COLLEGES.**

12 (a) A taxpayer is allowed a credit against the tax due under AS 21.09.210) or
 13 AS 21.66.110 for cash contributions for direct instruction, research, and educational
 14 support purposes, including library and museum acquisitions, and contributions to

1 endowment, that are accepted by a nonprofit, public or private, Alaska two-year or
2 four-year college or university accredited by a regional accreditation association or that
3 are accepted by an Alaska university foundation that supports a university or college
4 that could receive a contribution for which a taxpayer may obtain a credit under this
5 section. The amount of the credit is the lesser of

6 (1) an amount equal to

7 (A) 50 percent of contributions of not more than \$100,000; and

8 (B) 100 percent of the next \$100,000 of contributions; or

9 (2) 50 percent of the taxpayer's tax liability under this title.

10 (b) By September 30 of each year, the Department of Commerce and
11 Economic Development shall report to the Legislative Budget and Audit Committee
12 on the credits taken during the preceding state fiscal year under this section. Each
13 public college and university shall include in its annual operating budget request
14 contributions received and how the contributions were used.

15 (c) A contribution claimed as a credit under this section

16 (1) may not be claimed as a credit under more than one provision of
17 this title; and

18 (2) may not, when combined with credits taken during the taxpayer's
19 tax year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or
20 AS 43.75.018, exceed \$150,000.

21 * Sec. 4. AS 43.20.014(d) is amended to read:

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

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

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

26 (3) may not, when combined with credits taken during the taxpayer's
27 tax year under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, or
28 AS 43.75.018, exceed \$150,000.

29 * Sec. 5. AS 43.55.019(d) is amended to read:

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

31 (1) be claimed as a credit under another provision of this title; and

1 (2) when combined with credits taken during the taxpayer's tax year
2 under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, or AS 43.75.018,
3 exceed \$150,000.

4 * Sec. 6. AS 43.56.018(d) is amended to read:

5 (d) A contribution claimed as a credit under this section may not
6 (1) be claimed as a credit under another provision of this title; and
7 (2) when combined with credits taken during the taxpayer's tax year
8 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, or AS 43.75.018,
9 exceed \$150,000.

10 * Sec. 7. AS 43.65.018(d) is amended to read:

11 (d) A contribution claimed as a credit under this section may not
12 (1) be claimed as a credit under another provision of this title; and
13 (2) when combined with credits taken during the taxpayer's tax year
14 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, or AS 43.75.018,
15 exceed \$150,000.

16 * Sec. 8. AS 43.75.018(d) is amended to read:

17 (d) A contribution claimed as a credit under this section may not
18 (1) be claimed as a credit under another provision of this title; and
19 (2) when combined with credits taken during the taxpayer's tax year
20 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, or AS 43.65.018,
21 exceed \$150,000.

22 * Sec. 9. This Act is retroactive to January 1, 1994, and applies to contributions made
23 under AS 21.89.070, added by sec. 3 of this Act, after December 31, 1993.

24 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).

213194
(S) HES, JUD,
FIN

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 225

Revision Date: _____ Dept. Affected: Revenue
 Title: Insurance Tax Credit: Gifts to Colleges BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Senator Kerttula
 Requestor: (S) HES COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

	FY95	FY96	FY97	FY98	FY99	FY00
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE: General

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

** It is not feasible to determine how credits claimed under this bill will impact credits claimed under AS Title 43 because credits under both Title 21 and Title 43 are competing for the \$150,000 total credit limitation. Amounts will vary depending on contributions made by taxpayers each year.

Prepared by: Larry E. Meyers Phone: 465-2320
 Division: Income and Excise Audit Date: January 31, 1994
 Approved by Commissioner: Darrel J. Rexwinkel Date: January 31, 1994
 Agency: Department of Revenue

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~~SECRET~~

UNIVERSITY OF ALASKA
Statewide Administration

TO: Senate Finance Committee *Sen. Pearce*
FROM: Wendy Redman, Vice President *WR*
DATE: March 16, 1994
RE: SB 225 Tax Credits for Insurance Companies

I was unable to be at the Finance hearing on SB 225 on Saturday, March 12, and have been asked to respond to questions that came up at the meeting and during subsequent floor debate on the bill.

1) Impact on state general fund. While we know that the current tax credit legislation has been helpful to us in securing corporate donations, the exact impact in terms of the loss to the general fund is unknown to us. The University has no responsibility in filing for tax credits on behalf of donors, nor do the donors share their tax submissions with the University. We do know however, that the following corporations have made donations to the University during the past year, and that they indicated they might make use of the tax credit.

Mapco	\$100,000
Usibelli	\$200,000
Princess	\$100,000
CIRI	\$150,000
TOTE	\$200,000
Holland America	<u>\$100,000</u>
TOTAL	\$850,000

We have no way of knowing what these corporations tax liability is to the State of Alaska, and thus have no way of knowing what the tax credit impact would be. As an example, however, the current law allows a 50% credit against taxes due on donations to higher education institutions for the first \$100,00 and a 100% credit against taxes due on the second \$100,000. For example, if the Mapco company owed the State \$300,000 in corporate taxes they would, by virtue of their \$100,000 contribution to the University of Alaska, be paying \$250,000 in taxes. If TOTE owed the State \$300,000 in taxes they would, by virtue of their \$200,000 contribution to the University of Alaska, be paying \$150,000 in taxes.

2) How many insurance companies might take advantage of the tax credit? Based on our considerable experience in fund-raising in Alaska, we estimate that 5 or 6 insurance companies doing business in Alaska will make charitable contributions to higher education and possibly take advantage of the tax credit opportunity.

2) What role has the current tax credit legislation played in the recent UAF "Northern Momentum" fund raising campaign? UAF raised approximately \$12 million during their 4 year campaign. The funds have been received as follows:

a)	Cash	\$8,308,948
b)	In-kind donations	845,255
c)	Pledges	2,318,669
d)	Bequests	<u>765,000</u>

TOTAL \$12,137,872

Of this amount, \$11,549,071 is in the form of restricted gifts to specific program endowments. Of the total cash contributions, the vast majority are in the form of individual contributions from Alaskans who are not subject to state taxation. Our best estimate is that, over the 4 year campaign, approximately \$1 million of the total donations come from individuals or corporations that might use the state's tax credit opportunity.

3) Tax credit legislation represents a drain on the state's revenue base. The notion that corporations would rush to donate money to the state's higher education institutions to offset their state tax liabilities has not materialized, nor is such an event likely to happen in the future. Philanthropy in the corporate sector is a complicated practice, and the decisions regarding charitable contributions have more to do with public relations than tax accounting. The tax credit legislation is not enough by itself to encourage large donations; it is simply an extra incentive for those corporations that already have a history of philanthropy regarding higher education.

In closing, I would point out that during the past decade -- FY84 to FY94:

Enrollment has increased 19.7%
Tuition has increased 73.4%
Federal and restricted receipts have increased 63.1%
Inflation increased by 32%
General Fund has increased 7%

While the UA endowment is still quite small, we see private fund-raising as essential in view of our growing needs and the state's restricted ability to provide additional funding. During the past decade the general fund support to the University has dropped from 60% of the total UA budget to 40%. With the support of the Legislature, including passage of the tax credit legislation, the University has moved aggressively to meet the state's educational needs with limited additional state revenue. Your continued support is essential as we struggle to meet the increased demand for services with even more restrictions on our state funding.



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

March 1, 1994

MEMORANDUM

To: Senator *Drue* Pearce, Co-Chair
Senate Finance Committee

From: Senator Jay *Jay* Kertula

Re: S. B. 225 relating to credits against certain insurance
taxes for contributions to certain educational
institutions

Please schedule the above bill for a hearing at your earliest convenience. Attached you will find a sectional analysis, sponsor statement, a fiscal note from the Department of Commerce and Economic Development and letters of support from the University of Alaska, Alaska Pacific University and Sheldon Jackson.

Thank you in advance for your assistance in this matter.

Sponsor Statement

S.B 225 Tax Credits for Contributions to Certain Educational Institutions

Senator Jay Kerttula

SB 225 will extend the already existing tax credit to authorized insurance and title insurance companies. Presently, corporate taxpayers, oil and gas producers, and mining and fishing companies are able to credit their tax liability for up to \$150,000, if they donate to a qualified educational institution.

Insurance and Title Insurance companies are unable to take advantage of this tax credit because they pay a premium tax instead of corporate income tax.

SB 225 provides that authorized insurance companies may take as a tax credit 50% of the first \$100,000 and 100% of the next \$100,000 donated to a qualified institution. The maximum tax credit available is \$150,000 or 50% of the tax liability. (The further limitation of 50% of tax liability was included based on discussions with the division of insurance.)

In fiscal 1993 the division of insurance collected \$30,159,550 in fees and taxes and expended for operating purposes \$3,359,860.

During 1993 a total of \$533,429 was applied by the Department of Revenue to tax returns of qualified corporations as tax credits for educational institutions.

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105


MEMORANDUM

January 19, 1994

SUBJECT: Senate Bill 225 -- Sectional analysis (Work Order No. 8-LS1268E)

TO: Senator Jalmar Kerttula
Attn: Carol Carrol

FROM: Jack Chenoweth
Legislative Counsel



The measure would extend to payers of taxes imposed under the statutory title which regulates the business of insurance (AS 21) the same opportunity to claim credits for gifts to state educational institutions as were authorized for payers of various taxes imposed under AS 43 by ch. 71, SLA 1991.

Bill section 1: The bill section adds a subsection (j) to AS 21.09.210 that authorizes a claim of the credit against taxes due and payable under the general levy imposed on direct insurance premium income.

Bill section 2: The bill section adds a subsection (b) to AS 21.66.110 that authorizes a claim of the credit against taxes due and payable under the levy imposed on title insurance premiums.

Bill section 3: This provision defines the credit, extending the opportunity to claim a credit against taxes for contributions to qualifying educational institutions. The language derives directly from the claim of the credit authorized by the taxes imposed under AS 43. In amount, the claim of credit is limited to the lesser amount of (1) one-half of the amount of contributions on the first \$100,000 (\$50,000) and the full amount of the contribution on the next \$100,000, an effective maximum of \$150,000, or (2) 50 percent of the taxpayer's tax liability under AS 21.

Bill sections 4 - 8: The amendments to these five sections conform the various sections under which the educational institution credit is authorized against the corporate income tax (AS 43.20), oil and gas production (i.e severance) tax and surcharge (AS 43.55), oil and gas property tax (AS 43.56), mining license tax (AS 43.65), and fisheries business tax (43.75). Cumulative claims of the credits

Senator Jalmar Kerttula
January 19, 1994
Page 2

against all taxes--the insurance tax addressed in this bill and the five other taxes against which the claim may be made--during any one tax year may not, in total, exceed \$150,000.

Bill section 9: This provision makes the insurance tax credit claimable retroactive to January 1, 1994, to allow for a claim of the full amount of the credit in the current calendar year.

Bill section 10 gives the bill an immediate effective date.

JBC:pl
94-050.plm



Wendy Redman, Vice President
University Relations
(907) 474-7562
(907) 474-7570 (FAX)

University of Alaska Statewide System
Fairbanks, Alaska 99775-6280

TO: Senate HESS Committee
FROM: Wendy Redman, Vice President *WR*
DATE: February 2, 1994
RE: SB 225 - Credits Against Certain Insurance Taxes

I am sorry that I am unable to testify in person, or by audio conference, in support of SB 225, but I ask that this letter be included in the proceedings of the meeting, and that the University of Alaska be shown as strongly in favor of passage.

The tax credit legislation passed several years ago has proved very helpful to the University of Alaska, to APU and to Sheldon Jackson College in seeking private funds in support of our academic programs. Corporations and businesses that are inclined to donate to higher education find it much more appealing because of the tax credit opportunity. It has been a significant asset for our fund-raisers in presenting their case to potential donors.

Legislation regarding the taxation of insurance companies doing business in Alaska precludes them from being able to utilize the current corporate tax credit. The legislation before you will extend the tax credit to this group of corporations and, we hope, make them more favorable to our solicitations.

As you know the legislature has been encouraging the University of Alaska to seek alternative revenue sources including private fund-raising. UAF has been particularly active, having just completed their first major campaign. The campus raised close to \$12 million over the past two years, exceeding their goal by \$2 million. The majority of these funds are in endowments that will provide benefits to students far into the future. UAA and UAS have engaged in smaller efforts, but they have each had notable success over the past year with several substantial gifts.

During discussion on the original legislation there were concerns that other private non-profit groups would be disadvantaged if donors were encouraged, by use of a tax credit, to give money to higher education. I believe that the pattern of private fund-raising in the state has shown that this is not true, and that corporations and businesses continue to make donations following their own internal priorities and principles. The tax credit is an advantage for securing donations that are already targeted for higher education but for one reason or another just haven't materialized.

Thank you for your interest and again, on behalf of the University of Alaska, I urge your support of this legislation, and ask for your vote to move SB 225 from the HESS Committee.

ALASKA PACIFIC UNIVERSITY

The President

FAX for Senator Jay Kerttula
 Re: Education Tax Credit

Dear Senator Kerttula:

I write to support Senate Bill 225 which seeks to include within the Education Tax Credit legislation a group of Alaskan corporations who were inadvertently left out of the earlier legislation. I refer to insurance companies who do not pay state income tax but do pay a tax based on premiums.

The inadvertence was due to the fact that the insurance companies are included in a different part of the code. S225 seeks to remedy this oversight to make it possible for these companies to receive credits against certain insurance taxes for contribution to certain educational institutions in the same way that is available to other companies under paragraphs in AS43.

Insurance companies, interested in making gifts through the Education Tax Credit program, have urged us to seek a way for them to be included in the program.

This is very important especially to the two private institutions in the state, Alaska Pacific University and Sheldon Jackson College, and to the University of Alaska Foundation. It encourages corporations to support institutions that are totally dependant on private philanthropy. These institutions provide substantial service to the state by educating a significant percentage of Alaska's students with high quality programs.

I urge the passage of S225.

Cordially,

Tom

F. Thomas Trotter
 President

Post-It® brand fax transmittal memo 7571		# of pages • 1
To <i>Council</i>	From <i>F. Thomas Trotter</i>	
Co. <i>Sen. Kerttula's Office</i>	Ro. <i>221</i>	
Dept.	Phone # <i>547-8220</i>	
Fax # <i>415-5501</i>	Fax #	



Office of the President

February 14, 1994

Honorable Senator Jay Kerttula
PO Box V
Juneau, AK 99811

RE: Senate Bill 225

Dear Senator Kerttula,

The above cited piece of legislation is of great interest to Sheldon Jackson College and the institutions of higher education in this state. We are in support of this bill and we appreciate your efforts in its introduction.

The Alaska Income Tax Education Credit is an extremely useful tool for Alaskans because it encourages mutually beneficial partnerships between industry and higher education. This tool allows colleges in the state to enhance and improve academic programs by having access to the funding necessary to implement quality education for Alaskans.

An omission in the original legislation, namely the omission of including the insurance industry as a taxpayer group eligible to participate in this most essential partnering incentive, can be rectified by SB 225.

We support the passage of SB 225 in order to rectify the omission of the original bill. Thank you for recognizing and attempting to correct the oversight of the incentive.

Best regards,

Kenneth M. Cameron D.M.D.
President (Acting)

Revenue, Appropriations, and Expenditures
Fiscal Years 1940 — 1993

Year	Fees	Taxes	Receipts	Appropriation	Expenditure
1940	4,769	27,274	32,043		
1950	26,620	162,035	188,655		
6/30/60	80,204	857,211	937,415	42,400	
6/30/70	171,114	2,561,761	2,732,875		156,449
6/30/80	536,297	10,435,773	10,972,070		735,816
6/30/90	2,159,787	22,691,760	24,851,547	1,360,600	1,935,555
6/30/91	3,064,073	24,434,506	27,498,579	2,708,200	2,478,996
6/30/92	2,951,046	26,342,790	29,293,836	2,518,800	2,474,052
6/30/93	3,821,419	26,338,131	30,159,550	3,456,100	3,359,860

Total Premiums Written
1950 - 1992
(\$000)

Year	Property & Casualty	Disability*	Life	Title	Surplus & Self-Procured	Unauthor-ized Insurers	Unauthor-ized Wet Marine & Transportation	Total
1950	6,732	238	1,104	19	1,575			9,668
1960	20,701	3,605	6,679	357	2,812			34,154
1970	62,045	19,539	21,987	2,001	7,021			113,193
1980	243,067	99,440	75,608	8,064	52,509			478,688
1985	562,034	193,166	117,927	16,283	66,715			956,125
1986	618,059	191,478	132,021	15,915	84,508			1,041,981
1987	588,850	144,444	127,956	11,020	72,652			944,922
1988	568,604	170,598	120,649	10,010	52,353			922,214
1989	601,003	203,154	111,360	13,450	54,874			983,841
1990	622,187	212,209	119,224	12,172	49,582	3,719	8,309	1,027,402
1991	697,043	332,470	117,398	11,184	47,041	1,341	1,685	1,208,162
1992	676,911	306,716	129,673	13,151	48,819	6	4,719	1,179,995

*(includes Hospital and Medical Service Corporations)

University of Alaska

Statewide System

SB 225 CREDITS AGAINST INSURANCE TAXES

Sponsor: Senator Kerttula

Alaska's existing tax credit legislation has proved very helpful to the University of Alaska, to Alaska Pacific University and to Sheldon Jackson College in seeking private funds in support of academic programs. Corporations and businesses that are inclined to donate to higher education find it much more appealing because of the tax credit opportunity. It has been a significant asset for the university fund-raisers in presenting their case to potential donors. UA estimates are that in 1993, the tax credit option was utilized in donations that exceeded \$1 million.

Legislation regarding the taxation of insurance companies doing business in Alaska precludes them from being able to utilize the current corporate tax credit. SB 225 will extend the tax credit to this group of corporations and, it is hoped, make them more favorable to solicitations by the state's higher education institutions.

The legislature has been encouraging the University of Alaska to seek alternative revenue sources including private fund-raising. UAF has been particularly active, having just completed their first major campaign. The campus raised close to \$12 million over the past two years, exceeding their goal by \$2 million. The majority of these funds are in endowments that will provide benefits to students far into the future. UAA and UAS have engaged in less ambitious efforts, but they have each had notable success over the past year with several substantial gifts.

The University urges the legislature to pass SB 225 so that the tax credit option can be extended to the insurance companies doing business in Alaska. Passage of this legislation will enhance the fund-raising capabilities of Alaska's higher education institutions.

contact :

Wendy Redman
University Relations
463-3086/474-7582

FISCAL NOTE

1/31/94
1994 LEGISLATIVE SESSION

**STATE OF ALASKA
1994 LEGISLATIVE SESSION**

BILL NO. SB 225

Revision Date: _____
 Title: Insurance Tax Credits: Gifts to Colleges

 Sponsor: Kerttula
 Requestor: _____

Department Affected: Commerce and Economic Development
 BRU: Insurance
 Component: Operations

 COMPONENT SERIAL NO. 354

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	(900.0)	(900.0)	(900.0)	(900.0)	(900.0)	(900.0)
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GF 1004 & 68515

FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary.)

This bill provides for a maximum annual premium tax credit of \$150,000 for cash gifts to Alaska colleges. Any tax credit will reduce general fund premium tax revenue (OMB 1004, SAS 68515) by a like amount. It is impossible to predict the amount of premium tax credits that would be applicable in any given year. However, if six companies claimed the maximum premium credit, the result would be a loss of \$900.0 to the general fund.

Prepared by: Joan Brown, Administrative Officer
 Division: Insurance

Phone: 465-2597
 Date: 1/20/94

Approved by Commissioner: Paul Fuhs
 Agency: Commerce and Economic Development

Date: _____

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SENATE BILL NO. 225

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY SENATOR KERTTULA

Introduced: 1/10/94
Referred: HES, JUD, FIN

A BILL

FOR AN ACT ENTITLED

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

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

4 * Section 1. AS 21.09.210 is amended by adding a new subsection to read:

5 (j) The provisions of AS 21.89.070 apply to a taxpayer who is required to pay
6 a tax due under this section.

7 * Sec. 2. AS 21.66.110 is amended by adding a new subsection to read:

8 (b) The provisions of AS 21.89.070 apply to a taxpayer who is required to pay
9 the tax due under this section.

10 * Sec. 3. AS 21.89 is amended by adding a new section to read:

11 Sec. 21.89.070. INSURANCE TAX CREDIT FOR GIFTS TO COLLEGES.

12 (a) For cash contributions accepted for direct instruction, research, and educational
13 support purposes, including library and museum acquisitions, and contributions to
14 endowment, by a nonprofit, public or private, Alaska two-year or four-year college or

1 by an Alaska university foundation accredited by a regional accreditation association,
2 a taxpayer is allowed as a credit against the tax due under AS 21.09.210 or
3 AS 21.66.110 the lesser of

4 (1) an amount equal to

5 (A) 50 percent of contributions of not more than \$100,000; and

6 (B) 100 percent of the next \$100,000 of contributions, or

7 (2) 50 percent of the taxpayer's tax liability under this title.

8 (b) By September 30 of each year, the Department of Commerce and
9 Economic Development shall report to the Legislative Budget and Audit Committee
10 on the credits taken during the preceding state fiscal year under this section. Each
11 public college and university shall include in its annual operating budget request
12 contributions received and how the contributions were used.

13 (c) A contribution claimed as a credit under this section

14 (1) may not be claimed as a credit under more than one provision of
15 this title; and

16 (2) may not, when combined with credits taken during the taxpayer's
17 tax year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or
18 AS 43.75.018, exceed \$150,000.

19 * Sec. 4. AS 43.20.014(d) is amended to read:

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

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

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

24 (3) may not, when combined with credits taken during the taxpayer's
25 tax year under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, or
26 AS 43.75.018, exceed \$150,000.

27 * Sec. 5. AS 43.55.019(d) is amended to read:

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

29 (1) be claimed as a credit under another provision of this title; and

30 (2) when combined with credits taken during the taxpayer's tax year
31 under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

1 exceed \$150,000.

2 * Sec. 6. AS 43.56.018(d) is amended to read:

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

4 (1) be claimed as a credit under another provision of this title; and

5 (2) when combined with credits taken during the taxpayer's tax year

6 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, or AS 43.75.018,

7 exceed \$150,000.

8 * Sec. 7. AS 43.65.018(d) is amended to read:

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

10 (1) be claimed as a credit under another provision of this title; and

11 (2) when combined with credit. taken during the taxpayer's tax year

12 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, or AS 43.75.018,

13 exceed \$150,000.

14 * Sec. 8. AS 43.75.018(d) is amended to read:

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

16 (1) be claimed as a credit under another provision of this title; and

17 (2) when combined with credits taken during the taxpayer's tax year

18 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, or AS 43.65.018,

19 exceed \$150,000.

20 * Sec. 9. This Act is retroactive to January 1, 1994, and applies to contributions made

21 under AS 21.89.070, added by sec. 3 of this Act, after December 31, 1993.

22 * Sec. 10. This Act takes effect immediately under AS 01.10.070(c).

SENATE COMMITTEE REPORT

jud

DATE: 2/4/94

FURTHER: Finance

DATE TURNED INTO OFFICE: 2/24/94

Judiciary Committee considered SENATE BILL NO. 225

"~~An Act~~ relating to credits against certain insurance taxes for contributions to certain educational institutions and providing for an effective date."

and recommends:

Recommend
 replace with _____ CS _____
 or adopt previous CS SB 225 (HESS)
 attaches amendment(s) the HESS - CS -

same title
 new title
 technical title change
 (HB only)

+ reports it back as follows

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

*1 OKM
1 KM*

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
BEV	1/3/94	✓	
DCED	1/20/94		✓

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

OTHER RECOMMENDATIONS:

① *Prop. Class Janes*

② *Daniel D. ... believe statute being amended is unconstitutional*

③ *Dianne Little (no Rec)*

① *Adrian L. Taylor*
 Chair: Signature and Recommendation

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

Frank

DATE: 1/10/94

FURTHER: Judiciary
Finance

Date of 5-Day Notice: 1/27/94
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2-4-94

HES Committee considered SENATE BILL NO. 225

"An Act relating to credits against certain insurance taxes for contributions to certain educational institutions; and providing for an effective date."

Would it be replaced w

and recommends:

replace with _____ CS SB 225 (HES)

- same title
- new title
- technical title change (HB only)

attaches amendment(s) *& rpts it back as follows*

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

FISCAL NOTE INFORMATION

Department	Date	Zero	Fiscal
Commerce & Economic	1/20/94	<input checked="" type="checkbox"/>	(900.)
Revenue	1/31/94	<input checked="" type="checkbox"/>	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

James A. Roman
[Signature]

OTHER RECOMMENDATIONS:

Mike Miller No Rec
Judy Sula No Rec
Bob Sharp No Rec

Reyn - do pass

Chair: Signature and Recommendation