

HB

269

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

ED OUT OF
STC: 4/24/96

DATE: 5/6/95

FURTHER:

DATE TURNED INTO OFFICE: 4/25/96

Finance Committee considered CS FOR HOUSE BILL NO. 269(FIN)

Credits against certain taxes for contributions to certain public educational radio and television networks and stations and to endowments for public educational radio and television networks and stations; efd.

and recommends:

- be replaced with S CS CS HB 269 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical change
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Steve Kiser</i>	✓	<i>Wesley Jones</i>	✓		
<i>Roll E. Kelly</i>	✓	<i>Bob Hargis</i>		✓	
<i>Paul E. Blanton</i>	✓				
Co-Chair:		Co-Chair:			
Co-Chair:		Co-Chair: <i>Rick Halford</i>	✓		

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
Revenue / <i>Income and Excise Audit</i>	<i>4/24/96</i>	Ø	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

Revision Date: _____ Dept. Affected: Revenue
 Title: Tax Credit: Gifts to Public Broadcasting BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Rep Ivan
 Requestor: (S) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 EXPENDITURES						
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CHANGE IN REVENUES (GF)	0.0	(650) - (1,300)	(650) - (1,300)	(650) - (1,300)	(650) - (1,300)	(650) - (1,300)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of annual current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert Bartholomew, Deputy Director
 Division: Income and Excise Audit Division
 Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Phone: 465-2320
 Date: 4/24/96
 Date: 4/24/96

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Alaska Department of Revenue

SCSHB 269(FIN)

April 24, 1996

Page 2 of 2

Bill Analysis

This bill extends tax credits for contributions to a public broadcasting trust fund. The tax credit program sunsets after five years (12/31/01). There are four tax types administered by the department which could be impacted by this credit:

Corporation Net Income (AS 43.20)

Oil and Gas Production (AS 43.55)

Oil and Gas Property (AS 43.56)

Mining License (AS 43.65)

Credit Limit: The maximum credit would be \$150,000 per taxpayer annually. Taxpayers would be allowed a credit for 50% of qualified contributions upto an annual maximum of \$300,000.

Operating Costs

Department of Revenue does not anticipate any additional costs for administering the tax credit program under this bill. The Department would update its return forms to reflect credit provisions for contributions to public broadcasting trust fund.

Revenue

According to data compiled from most recent reports submitted to Department of Administration's Public Broadcasting Commission, corporation contributions to public broadcasting during the fiscal year ended June 30, 1994 were approximately \$1,297,100. Contributions were individually less than \$100,000. Contributions would be subject to 50% credit, total credits related to public broadcasting would have been \$648,500. In calculating the potential revenue impact the assumption was made that with the extra incentive of receiving a 50% tax credit for contributions that the annual amount received (from both existing and new donors) could double. This would result in potential contributions to the trust of \$2,600,000 and tax credits of \$1,300,000. Thus the revenue loss could range from \$650,000 to \$1,300,000.

This bill would apply to tax years beginning after December 31, 1996. Since taxpayers file returns annually, the first returns for which a credit could be claimed (calendar year 1997) will not be due until spring of 1998. Accordingly, any revenue reduction from this bill would not be realized until FY 98. Calendar year 2001 will be due in spring of 2002 or FY 02.

4/24/96 moved by Sen. Phillips adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

9-LS0937J
Chenoweth
4/23/96

Sen. Rieger moved
Sen. S. up objections
Halford, Zharoff,
Rieger, Phillips, Donley
yea v/o
4/24/96

SENATE CS FOR CS FOR HOUSE BILL NO. 269()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES IVAN, Bunde, Foster, Williams, James

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska public broadcasting trust fund as a trust fund
2 of the state, and providing for its administration; relating to credits against
3 certain taxes for contributions to the Alaska public broadcasting trust fund,
4 increasing the amounts that may be claimed as credits against certain state
5 taxes, and precluding claims of the contributions as both credits and deductions
6 against the taxes; and terminating the credits authorized by this Act at the end
7 of five years; and providing for an effective date."

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

9 * Section 1. PURPOSE. Sections 1 - 3 and 5 - 12 of this Act extend the credits authorized
10 by ch. 58, SLA 1987, ch. 71, SLA 1991, and ch. 21, SLA 1994, against each of the following
11 state taxes for contributions made to the Alaska public broadcasting trust fund established in
12 AS 37.14:

13 (1) the insurance premium tax (AS 21.09.210) and the tax on title insurance

1 premiums (AS 21.66.110);

2 (2) Alaska Net Income Tax (AS 43.20);

3 (3) Oil and Gas Properties Production Tax (AS 43.55);

4 (4) Oil and Gas Exploration, Production, and Pipeline Transportation Property
5 Tax (AS 43.56);

6 (5) Mining License Tax (AS 43.65).

7 * Sec. 2. AS 21.89.070(a) is amended to read:

8 (a) Subject to (c) of this section, a [A] taxpayer is allowed as a credit against
9 the tax due under AS 21.09.210 or AS 21.66.110 the taxpayer's [FOR] cash
10 contributions

11 (1) for direct instruction, research, and educational support purposes,
12 including library and museum acquisitions, and contributions to endowment, that are
13 accepted by a nonprofit, public or private, Alaska two-year or four-year college or
14 university accredited by a regional accreditation association or that are accepted by an
15 Alaska university foundation that supports a university or college that could receive a
16 contribution for which a taxpayer may obtain a credit under this section; the [THE]
17 amount of the credit is the lesser of

18 (A) [(1)] an amount equal to

19 (i) [(A)] 50 percent of contributions of not more than
20 \$100,000; and

21 (ii) [(B)] 100 percent of the next \$100,000 of
22 contributions; or

23 (B) [(2)] 50 percent of the taxpayer's tax liability under this title;

24 (2) made after the effective date of this Act and through
25 December 31, 2001, to the Alaska public broadcasting trust fund established under
26 AS 37.14.550; the amount of the credit is equal to 50 percent of annual
27 contributions of not more than \$300,000.

28 * Sec. 3. AS 21.89.070(c) is amended to read:

29 (c) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
30 under this section

31 (1) may not be claimed as a credit under more than one provision of this
32 title; [AND]

1 (2) may not be allowed as a deduction against a tax imposed by this
2 title or as a deduction against a tax imposed by AS 43; and

3 (3) may not, when combined with credits taken during the taxpayer's tax
4 year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

5 (A) through December 31, 2001, exceed \$300,000; and

6 (B) after December 31, 2001, exceed \$150,000.

7 * Sec. 4. AS 37.14 is amended by adding new sections to read:

8 ARTICLE 7. ALASKA PUBLIC BROADCASTING TRUST FUND.

9 Sec. 37.14.550. ALASKA PUBLIC BROADCASTING TRUST FUND
10 ESTABLISHED. (a) The Alaska public broadcasting trust fund is established as a
11 separate endowment trust fund of the state.

12 (b) The principal of the fund consists of

13 (1) legislative appropriations to the fund; and

14 (2) gifts, bequests, and contributions of cash or other assets to the fund.

15 (c) The net income of the fund shall be determined by the commissioner of
16 revenue in accordance with investment accounting principles and in a manner that
17 preserves the distinction between principal and income.

18 Sec. 37.14.560. POWERS AND DUTIES OF THE COMMISSIONER OF
19 REVENUE. The commissioner of revenue is the treasurer of the fund and has the power
20 and duty to:

21 (1) act as official custodian of the cash and investments belonging to the
22 fund by securing adequate and safe custodial facilities;

23 (2) receive all items of cash and investments belonging to the fund;

24 (3) collect the principal and income from investments owned or acquired
25 by the fund and deposit the amounts in separate principal and income accounts for the
26 fund;

27 (4) invest and reinvest the assets of the fund as provided in this section
28 and as provided for the investment of funds under AS 14.25.180(c) and AS 37.14.170;

29 (5) exercise the powers of an owner with respect to the assets of the
30 fund;

31 (6) maintain accounting records of the fund in accordance with
32 investment accounting principles and with distinction between the principal and income

1 accounts of the fund;

2 (7) engage an independent firm of certified public accountants to annually
3 audit the financial condition of the fund's investments and investment transactions;

4 (8) enter into and enforce contracts or agreements considered necessary
5 for the investment purposes of the fund;

6 (9) report to the commission the condition and investment performance
7 of the fund;

8 (10) do all acts, whether or not expressly authorized, that the
9 commissioner of revenue considers necessary or proper in administering the assets of the
10 fund.

11 Sec. 37.14.570. ADMINISTRATION OF THE FUND. The fund shall be
12 administered by the Alaska Public Broadcasting Commission.

13 Sec. 37.14.580. POWERS AND DUTIES OF THE COMMISSION. When
14 acting as administrator of the fund, the commission shall

15 (1) hold regular and special meetings it considers necessary; the
16 commission may hold meetings by teleconference;

17 (2) award grants from the net income of the fund under AS 44.21.256 -
18 44.21.290;

19 (3) solicit contributions, gifts, and bequests to the fund; and

20 (4) keep audiotape recordings of each meeting of the commission to be
21 made available on request.

22 Sec. 37.14.590. USE OF FUND. (a) The principal of the fund and any capital
23 gains or losses realized on the principal shall be retained perpetually in the fund for
24 investment as specified in AS 37.14.560, and may not be used for the awarding of
25 grants.

26 (b) The net income of the fund may be appropriated for the following purposes:

27 (1) awarding grants;

28 (2) soliciting contributions, gifts, and bequests for the fund; and

29 (3) offsetting the effect of inflation on the fund's principal during the
30 fiscal year; and

31 (4) reimbursing the Department of Revenue for the costs of establishing
32 the fund.

1 (c) Realized net income that has not been appropriated, or that has been
2 appropriated but not expended, shall be invested until appropriated and expended.

3 Sec. 37.14.599. DEFINITIONS. In AS 37.14.550 - 37.14.599,

4 (1) "commission" means the Alaska Public Broadcasting Commission
5 established under AS 44.21.256;

6 (2) "fund" means the Alaska public broadcasting trust fund established
7 under AS 37.14.550.

8 * Sec. 5. AS 43.20.014(a) is amended to read:

9 (a) Subject to (d) of this section, a taxpayer is allowed as a credit against the
10 tax due under this chapter the taxpayer's contributions as follows:

11 (1) for [FOR] cash contributions accepted for direct instruction, research,
12 and educational support purposes, including library and museum acquisitions, and
13 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
14 or private, Alaska two-year or four-year college accredited by a regional accreditation
15 association,

16 (A) [A TAXPAYER IS ALLOWED AS A CREDIT AGAINST
17 THE TAX DUE UNDER THIS CHAPTER (1)] 50 percent of contributions of
18 not more than \$100,000; and

19 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
20 (2) for contributions made after the effective date of this Act and
21 through December 31, 2001, to the Alaska public broadcasting trust fund
22 established under AS 37.14.550, 50 percent of annual contributions of not more than
23 \$300,000.

24 * Sec. 6. AS 43.20.014(d) is amended to read:

25 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
26 under this section

27 (1) may not be claimed as a credit under another provision of this title;
28 (2) may not also be allowed as a deduction [UNDER 26 U.S.C. 170]
29 against the tax imposed by this chapter or as a deduction against another tax imposed
30 by this title; and

31 (3) may not, when combined with credits taken during the taxpayer's tax
32 year under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

- 1 (A) through December 31, 2001, exceed \$300,000; and
2 (B) after December 31, 2001, exceed \$150,000.

3 * Sec. 7. AS 43.55.019(a) is amended to read:

4 (a) Subject to (d) of this section, a producer of oil or gas is allowed as a
5 credit against the tax due under this chapter the producer's contributions as
6 follows:

7 (1) for [FOR] cash contributions accepted for direct instruction, research,
8 and educational support purposes, including library and museum acquisitions, and
9 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
10 or private, Alaska two-year or four-year college accredited by a regional accreditation
11 association,

12 (A) [A PRODUCER OF OIL OR GAS IS ALLOWED AS A
13 CREDIT AGAINST THE TAX DUE UNDER THIS CHAPTER (1)] 50 percent
14 of contributions of not more than \$100,000; and

15 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
16 (2) for contributions made after the effective date of this Act and
17 through December 31, 2001, to the Alaska public broadcasting trust fund
18 established under AS 37.14.550, 50 percent of annual contributions of not more than
19 \$300,000.

20 * Sec. 8. AS 43.55.019(d) is amended to read:

21 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
22 under this section may not

23 (1) be claimed as a credit under another provision of this title; [AND]

24 (2) be allowed as a deduction against the tax imposed by this chapter
25 or as a deduction against another tax imposed by this title; and

26 (3) when combined with credits taken during the taxpayer's tax year
27 under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

28 (A) through December 31, 2001, exceed \$300,000; and

29 (B) after December 31, 2001, exceed \$150,000.

30 * Sec. 9. AS 43.56.018(a) is amended to read:

31 (a) Subject to (d) of this section, the owner of property taxable under this
32 chapter is allowed as a credit against the tax due under this chapter the owner's

1 contribution as follows:

2 (1) ~~for~~ [FOR] cash contributions accepted for direct instruction, research,
3 and educational support purposes, including library and museum acquisitions, and
4 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
5 or private, Alaska two-year or four-year college accredited by a regional accreditation
6 association,

7 (A) [THE OWNER OF PROPERTY TAXABLE UNDER THIS
8 CHAPTER IS ALLOWED AS A CREDIT AGAINST THE TAX DUE UNDER
9 THIS CHAPTER (1)] 50 percent of contributions of not more than \$100,000;
10 and

11 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
12 (2) for contributions made after the effective date of this Act and
13 through December 31, 2001, to the Alaska public broadcasting trust fund
14 established under AS 37.14.550, 50 percent of annual contributions of not more than
15 \$300,000.

16 * Sec. 10. AS 43.56.018(d) is amended to read:

17 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
18 under this section may not

19 (1) be claimed as a credit under another provision of this title; [AND]

20 (2) be allowed as a deduction against the tax imposed by this chapter
21 or as a deduction against another tax imposed by this title; and

22 (3) when combined with credits taken during the taxpayer's tax year
23 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, or AS 43.75.018,

24 (A) through December 31, 2001, exceed \$300,000; and

25 (B) after December 31, 2001, exceed \$150,000.

26 * Sec. 11. AS 43.65.018(a) is amended to read:

27 (a) Subject to (d) of this section, a person engaged in the business of mining
28 in the state is allowed as a credit against the tax due under this chapter the
29 contributions made by the person as follows:

30 (1) ~~for~~ [FOR] cash contributions accepted for direct instruction, research,
31 and educational support purposes, including library and museum acquisitions, and
32 contributions to endowment, by an Alaska university foundation or by a nonprofit, public

1 or private, Alaska two-year or four-year college accredited by a regional accreditation
2 association,

3 (A) [A PERSON ENGAGED IN THE BUSINESS OF MINING
4 IN THE STATE IS ALLOWED AS A CREDIT AGAINST THE TAX DUE
5 UNDER THIS CHAPTER (1)] 50 percent of contributions of not more than
6 \$100,000; and

7 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
8 (2) for contributions made after the effective date of this Act and
9 through December 31, 2001, to the Alaska public broadcasting trust fund
10 established under AS 37.14.550, 50 percent of annual contributions of not more than
11 \$300,000.

12 * Sec. 12. AS 43.65.018(d) is amended to read:

13 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
14 under this section may not

15 (1) be claimed as a credit under another provision of this title; [AND]

16 (2) be allowed as a deduction against the tax imposed by this chapter
17 or as a deduction against another tax imposed by this title; and

18 (3) when combined with credits taken during the taxpayer's tax year
19 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, or AS 43.75.018,

20 (A) through December 31, 2001, exceed \$300,000; and

21 (B) after December 31, 2001, exceed \$150,000.

22 * Sec. 13. AS 44.21.266 is amended to read:

23 Sec. 44.21.266. DUTIES OF THE COMMISSION. The commission shall

24 (1) have responsibility for administration of the Alaska public
25 broadcasting trust fund under AS 37.14.580, apply for federal and private funds for
26 public broadcasting purposes, [AND] receive all federal, state, or private funds, property,
27 or assistance that may be appropriated, granted, or otherwise made available to the
28 commission for public broadcasting purposes, and use and disburse funds and property
29 for purposes consistent with the terms of AS 44.21.256 - 44.21.290, subject to reasonable
30 limitations imposed by the grantor;

31 (2) provide consultative services in all aspects of public broadcasting to
32 all public or private agencies in the state that request them;

1 (3) serve as a library and clearinghouse for public broadcasting
2 information;

3 (4) through grants to qualified entities, develop an integrated public
4 broadcasting network for the state;

5 (5) through grants to qualified entities, develop and distribute public
6 broadcasting programming in the state;

7 (6) prepare and submit to the governor and the legislature, in compliance
8 with the state information systems plan adopted by the Telecommunications Information
9 Council in the Office of the Governor, a long-term plan for the development of public
10 broadcasting stations and systems in the state, and biennially update the plan; and

11 (7) perform all other functions necessary to ensure the orderly and
12 coordinated development of public broadcasting in the state.

13 * Sec. 14. Sections 1 - 3 and 5 - 12 of this Act apply to tax years beginning after the
14 December 31 that precedes the effective date of this Act.

15 * Sec. 15. This Act takes effect January 1, 1997.

Amend

7/24/96 moved Sen. Sharp
w/o objection
adopted
sharp

Sec. 5 line 10 pg 5 before
"contributions" add cash

Sec 7 line 5 pg 6
after "producers" add cash

Sec 9 ~~line 1~~ line 1, pg 7
before "contributions" add cash

Sec 11 line 29, pg 7
before "contributions" add cash

10:30am

A FAX

Alaska State Legislature

Date: 4-24-96

To: Legal Services - Attn: Peggy

Fax #: 2029 Phone #: 2450

From: Kathy - Senate Finance

Phone #: 2618

Re: Please incorporate the attached amendment within SCS CS HB 269 (work draft 9-LS09371J 4-23-96 Chenoweth) to produce a final SCS CS NB 269 (Fin) and deliver the bill to Rm. 520 in the capitol bldg.

Following this page, please find 1 pages(s). If this does not reach you in full, please inform us ASAP.



THANK YOU

Kathy

9-LS1196C
Chenoweth
4/18/96

SENATE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY *Finance Comm. Hee*

Introduced:
Referred:

A RESOLUTION

1 Suspending Uniform Rules 24(c), 35, 41(b), and 42(e) of the Alaska State
2 Legislature concerning House Bill No. 269, relating to credits against certain state
3 taxes.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 That under Rule 54 of the Uniform Rules of the Alaska State Legislature, the
6 provisions of Rules 24(c), 35, 41(b), and 42(e) of the Uniform Rules, regarding changes to the
7 title of a bill, are suspended in consideration of House Bill No. 269, relating to credits against
8 certain state taxes.

4/24/96

Harry-

Attached is final
505 CSMB 269 (Final)
approved by Sen.
Sharp's office.

Does it look okay
to you?

Kathy
2018

4/24/96

Cam -

Attached is the final
SCS CSMB 269 (Fix)
incorporating Sen.
Sharp's amendment.

Please review and
advise whether it is
acceptable.



Thanks,
Kathy
2618

SENATE CS FOR CS FOR HOUSE BILL NO. 269(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES IVAN, Bunde, Foster, Williams, James

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska public broadcasting trust fund as a trust fund
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4 increasing th amounts that may be claimed as credits against certain state
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7 of five years; and providing for an effective date."

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

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12 AS 37.14:

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1 premiums (AS 21.66.110);

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14 university accredited by a regional accreditation association or that are accepted 'y an
15 Alaska university foundation that supports a university or college that could receive a
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17 amount of the credit is the lesser of

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19 (i) [(A)] 50 percent of contributions of not more than
20 \$100,000; and

21 (ii) [(B)] 100 percent of the next \$100,000 of
22 contributions; or

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9 Sec. 37.14.550. ALASKA PUBLIC BROADCASTING TRUST FUND
10 ESTABLISHED. (a) The Alaska public broadcasting trust fund is established as a
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22 fund by securing adequate and safe custodial facilities;

23 (2) receive all items of cash and investments belonging to the fund;

24 (3) collect the principal and income from investments owned or acquired
25 by the fund and deposit the amounts in separate principal and income accounts for the
26 fund;

27 (4) invest and reinvest the assets of the fund as provided in this section
28 and as provided for the investment of funds under AS 14.25.180(c) and AS 37.14.170;

29 (5) exercise the powers of an owner with respect to the assets of the
30 fund;

31 (6) maintain accounting records of the fund in accordance with
32 investment accounting principles and with distinction between the principal and income

1 accounts of the fund;

2 (7) engage an independent firm of certified public accountants to annually
3 audit the financial condition of the fund's investments and investment transactions;

4 (8) enter into and enforce contracts or agreements considered necessary
5 for the investment purposes of the fund;

6 (9) report to the commission the condition and investment performance
7 of the fund;

8 (10) do all acts, whether or not expressly authorized, that the
9 commissioner of revenue considers necessary or proper in administering the assets of the
10 fund.

11 Sec. 37.14.570 ADMINISTRATION OF THE FUND. The fund shall be
12 administered by the Alaska Public Broadcasting Commission.

13 Sec. 37.14.580. POWERS AND DUTIES OF THE COMMISSION. When
14 acting as administrator of the fund, the commission shall

15 (1) hold regular and special meetings it considers necessary; the
16 commission may hold meetings by teleconference;

17 (2) award grants from the net income of the fund under AS 44.21.256 -
18 44.21.290;

19 (3) solicit contributions, gifts, and bequests to the fund; and

20 (4) keep audiotape recordings of each meeting of the commission to be
21 made available on request.

22 Sec. 37.14.590. USE OF FUND. (a) The principal of the fund and any capital
23 gains or losses realized on the principal shall be retained perpetually in the fund for
24 investment as specified in AS 37.14.560, and may not be used for the awarding of
25 grants.

26 (b) The net income of the fund may be appropriated for the following purposes:

27 (1) awarding grants;

28 (2) soliciting contributions, gifts, and bequests for the fund; and

29 (3) offsetting the effect of inflation on the fund's principal during the
30 fiscal year; and

31 (4) reimbursing the Department of Revenue for the costs of establishing
32 the fund.

Amend

7/24/96 moved Sen. Sharp
w/o objection
adopted

Sharp

Sec. 5 line 10 pg 5 before
"contributions" add cash

Sec 7 line 5 pg 6
after "producer's" add cash

Sec 9 ~~line 1~~ line 1, pg 7
before "contribution" add cash

Sec 11 line 29, pg 7
before "contributions" add cash

1 (c) Realized net income that has not been appropriated, or that has been
2 appropriated but not expended, shall be invested until appropriated and expended.

3 Sec. 37.14.599. DEFINITIONS. In AS 37.14.550 - 37.14.599,

4 (1) "commission" means the Alaska Public Broadcasting Commission
5 established under AS 44.21.256;

6 (2) "fund" means the Alaska public broadcasting trust fund established
7 under AS 37.14.550.

8 * Sec. 5. AS 43.20.014(a) is amended to read:

9 (a) Subject to (d) of this section, a taxpayer is allowed as a credit against the
10 tax due under this chapter the taxpayer's ~~cash~~ contributions as follows:

11 (1) for [FOR] cash contributions accepted for direct instruction, research,
12 and educational support purposes, including art, and museum acquisitions, and
13 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
14 or private, Alaska two-year or four-year college accredited by a regional accreditation
15 association,

16 (A) [A TAXPAYER IS ALLOWED AS A CREDIT AGAINST
17 THE TAX DUE UNDER THIS CHAPTER (1)] 50 percent of contributions of
18 not more than \$100,000; and

19 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
20 (2) ~~CASH~~ for contributions made after the effective date of this Act and
21 through December 31, 2001, to the Alaska public broadcasting trust fund
22 established under AS 37.14.550, 50 percent of annual contributions of not more than
23 \$300,000.

24 * Sec. 6. AS 43.20.014(d) is amended to read:

25 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
26 under this section

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

28 (2) may not also be allowed as a deduction [UNDER 26 U.S.C. 170]
29 against the tax imposed by this chapter or as a deduction against another tax imposed
30 by this title; and

31 (3) may not, when combined with credits taken during the taxpayer's tax
32 year under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

1 (A) through December 31, 2001, exceed \$300,000; and

2 (B) after December 31, 2001, exceed \$150,000.

3 * Sec. 7. AS 43.55.019(a) is amended to read:

4 (a) Subject to (d) of this section, a producer of oil or gas is allowed as a
5 credit against the tax due under this chapter the producer's ^{CASH} contributions as
6 follows:

7 (1) for [FOR] cash contributions accepted for direct instruction, research,
8 and educational support purposes, including library and museum acquisitions, and
9 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
10 or private, Alaska two-year or four-year college accredited by a regional accreditation
11 association,

12 (A) [A PRODUCER OF OIL OR GAS IS ALLOWED AS A
13 CREDIT AGAINST THE TAX DUE UNDER THIS CHAPTER (1)] 50 percent
14 of contributions of not more than \$100,000; and

15 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
16 ^{CASH} (2) for contributions made after the effective date of this Act and
17 through December 31, 2001, to the Alaska public broadcasting trust fund
18 established under AS 37.14.550, 50 percent of annual contributions of not more than
19 \$300,000.

20 * Sec. 8. AS 43.55.019(d) is amended to read:

21 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
22 under this section may not

23 (1) be claimed as a credit under another provision of this title; [AND]

24 (2) be allowed as a deduction against the tax imposed by this chapter
25 or as a deduction against another tax imposed by this title; and

26 (3) when combined with credits taken during the taxpayer's tax year
27 under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

28 (A) through December 31, 2001, exceed \$300,000; and

29 (B) after December 31, 2001, exceed \$150,000.

30 * Sec. 9. AS 43.56.018(a) is amended to read:

31 (a) Subject to (d) of this section, the owner of property taxable under this
32 chapter is allowed as a credit against the tax due under this chapter the owner's

1 cash contributions as follows:

2 (1) for [FOR] cash contributions accepted for direct instruction, research,
3 and educational support purposes, including library and museum acquisitions, and
4 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
5 or private, Alaska two-year or four-year college accredited by a regional accreditation
6 association,

7 (A) [THE OWNER OF PROPERTY TAXABLE UNDER THIS
8 CHAPTER IS ALLOWED AS A CREDIT AGAINST THE TAX DUE UNDER
9 THIS CHAPTER (1)] 50 percent of contributions of not more than \$100,000;
10 and

11 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
12 (2) ~~CASH~~ for contributions made after the effective date of this Act and
13 through December 31, 2001, to the Alaska public broadcasting trust fund
14 established under AS 37.14.550, 50 percent of annual contributions of not more than
15 \$300,000.

16 * Sec. 10. AS 43.56.018(d) is amended to read:

17 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
18 under this section may not

19 (1) be claimed as a credit under another provision of this title; [AND]

20 (2) be allowed as a deduction against the tax imposed by this chapter
21 or as a deduction against another tax imposed by this title; and

22 (3) when combined with credits taken during the taxpayer's tax year
23 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, or AS 43.75.018,

24 (A) through December 31, 2001, exceed \$300,000; and

25 (B) after December 31, 2001, exceed \$150,000.

26 * Sec. 11. AS 43.65.018(a) is amended to read:

27 (a) Subject to (d) of this section, a person engaged in the business of mining
28 in the state is allowed as a credit against the tax due under this chapter the cash
29 contributions made by the person as follows:

30 (1) for [FOR] cash contributions accepted for direct instruction, research,
31 and educational support purposes, including library and museum acquisitions, and
32 contributions to endowment, by an Alaska university foundation or by a nonprofit, public

1 or private, Alaska two-year or four-year college accredited by a regional accreditation
2 association,

3 (A) [A PERSON ENGAGED IN THE BUSINESS OF MINING
4 IN THE STATE IS ALLOWED AS A CREDIT AGAINST THE TAX DUE
5 UNDER THIS CHAPTER (1)] 50 percent of contributions of not more than
6 \$100,000; and

7 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
8 ~~(2) for contributions made after the effective date of this Act and~~
9 through December 31, 2001, to the Alaska public broadcasting trust fund
10 established under AS 37.14.550, 50 percent of annual contributions of not more than
11 \$300,000.

12 * Sec. 12. AS 43.65.018(d) is amended to read:

13 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
14 under this section may not

15 (1) be claimed as a credit under another provision of this title; [AND]

16 (2) be allowed as a deduction against the tax imposed by this chapter
17 or as a deduction against another tax imposed by this title; and

18 (3) when combined with credits taken during the taxpayer's tax year
19 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, or AS 43.75.018,

20 (A) through December 31, 2001, exceed \$300,000; and

21 (B) after December 31, 2001, exceed \$150,000.

22 * Sec. 13. AS 44.21.266 is amended to read:

23 Sec. 44.21.266. DUTIES OF THE COMMISSION. The commission shall

24 (1) have responsibility for administration of the Alaska public
25 broadcasting trust fund under AS 37.14.580, apply for federal and private funds for
26 public broadcasting purposes, [AND] receive all federal, state, or private funds, property,
27 or assistance that may be appropriated, granted, or otherwise made available to the
28 commission for public broadcasting purposes, and use and disburse funds and property
29 for purposes consistent with the terms of AS 44.21.256 - 44.21.290, subject to reasonable
30 limitations imposed by the grantor;

31 (2) provide consultative services in all aspects of public broadcasting to
32 all public or private agencies in the state that request them;

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(3) serve as a library and clearinghouse for public broadcasting information;

(4) through grants to qualified entities, develop an integrated public broadcasting network for the state;

(5) through grants to qualified entities, develop and distribute public broadcasting programming in the state;

(6) prepare and submit to the governor and the legislature, in compliance with the state information systems plan adopted by the Telecommunications Information Council in the Office of the Governor, a long-term plan for the development of public broadcasting stations and systems in the state, and biennially update the plan; and

(7) perform all other functions necessary to ensure the orderly and coordinated development of public broadcasting in the state.

* Sec. 14. Sections 1 - 3 and 5 - 12 of this Act apply to tax years beginning after the December 31 that precedes the effective date of this Act.

* Sec. 15. This Act takes effect January 1, 1997.

Amendment

By Rieger

Page 3, line 26, after "fund;" insert

"(4) adopt a policy for reinvestment of a portion of total return of the fund which is for the purpose of protecting the fund against the effects of inflation;"

Page 3, line 27, after "section" insert

"including any transfers from the income account to the principal account made pursuant to (4) of this section"

Page 4, line 21 after "request" insert: "and

"(5) recommend a policy regarding protection of the fund against inflation."

Page 4, Lines 22-23 delete "and any capital
gains or losses realized on the principal"

Page 3, line 13, after "fund" insert ";

(2) reinvestments to principal made pursuant
to 37.14.560 "

Revision Date: _____ Dept. Affected: Revenue
 Title: Tax Credit: Gifts to Public Broadcasting BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Rep Ivan
 Requestor: (S) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES (GF)	0.0	(650) - (1,300)	(650) - (1,300)	(650) - (1,300)	(650) - (1,300)	(650) - (1,300)
---------------------------	-----	-----------------	-----------------	-----------------	-----------------	-----------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert Bartholomew, Deputy Director Phone: 465-2320
 Division: Income and Excise Audit Division Date: 4/24/96
 Approved by Commissioner: [Signature] Date: 4/24/96
 Agency: Department of Revenue

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Alaska Department of Revenue

SCSHB 269(FIN)

April 24, 1996

Page 2 of 2

Bill Analysis

This bill extends tax credits for contributions to a public broadcasting trust fund. The tax credit program sunsets after five years (12/31/01). There are four tax types administered by the department which could be impacted by this credit:

Corporation Net Income (AS 43.20)

Oil and Gas Production (AS 43.55)

Oil and Gas Property (AS 43.56)

Mining License (AS 43.65)

Credit Limit: The maximum credit would be \$150,000 per taxpayer annually. Taxpayers would be allowed a credit for 50% of qualified contributions upto an annual maximum of \$300,000.

Operating Costs

Department of Revenue does not anticipate any additional costs for administering the tax credit program under this bill. The Department would update its return forms to reflect credit provisions for contributions to public broadcasting trust fund.

Revenue

According to data compiled from most recent reports submitted to Department of Administration's Public Broadcasting Commission, corporation contributions to public broadcasting during the fiscal year ended June 30, 1994 were approximately \$1,297,100. Contributions were individually less than \$100,000. Contributions would be subject to 50% credit, total credits related to public broadcasting would have been \$648,500. In calculating the potential revenue impact the assumption was made that with the extra incentive of receiving a 50% tax credit for contributions that the annual amount received (from both existing and new donors) could double. This would result in potential contributions to the trust of \$2,600,000 and tax credits of \$1,300,000. Thus the revenue loss could range from \$650,000 to \$1,300,000.

This bill would apply to tax years beginning after December 31, 1996. Since taxpayers file returns annually, the first returns for which a credit could be claimed (calendar year 1997) will not be due until spring of 1998. Accordingly, any revenue reduction from this bill would not be realized until FY 98. Calendar year 2001 will be due in spring of 2002 or FY 02.

Revision Date: _____ Dept. Affected: Revenue
 Title: Tax Credit: Gifts to Public Broadcasting BRU: Revenue Operations
 Component: Income and Excise Audit
 Sponsor: Rep Ivan, et al
 Requestor: (S) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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 EXPENDITURES						
CHANGE IN REVENUES (GF)	0.0	(2,617.2)	(2,617.2)	(2,617.2)	(2,617.2)	(2,617.2)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: _____
 Division: Income and Excise Audit Division
 Approved by Commissioner: _____
 Agency: Department of Revenue

Phone: 465-2320
 Date: 2/12/96
 Date: 2/12/96

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Alaska Department of Revenue

SCSHB 269()
WORK DRAFT 9-LS0937\Z
February 12, 1996
Page 2 of 4

Bill Analysis

This bill expands current education credit statutes, which provide for a tax credit for contributions made to an Alaska university or college, as follows:

- **Expanded Base:** Taxpayers would be allowed to claim a credit for contributions to an Alaska public radio or television network in addition to a university or college.
- **Increased Credit:** The maximum credit would increase by \$170,000, from the current \$150,000 maximum to \$320,000. Taxpayers would be allowed a credit for 50% of the first \$100,000 and 90% of the next \$300,000 of qualified contributions.
- **Sunset Date:** After December 31, 2001, the amount of credit reverts back to the current credits for education contributions only and \$150,000 maximum.

SCSHB 269(FIN) does not necessarily foster an incentive for businesses to make contributions to public radio and television networks because the bill does not segregate requirements for public radio and television network contributions from Alaska education contributions. Rather, public radio and television credit language is incorporated into existing sections for Alaska education credits and therefore, it would be at a taxpayer's discretion to pick and choose between Alaska education or public radio and television contributions. Under this bill, it is possible for a taxpayer to claim the maximum credit from contributions to only an Alaska university or college.

Section 1. This section would extend credits against state taxes for contributions made to Alaska public educational radio and television networks and stations and endowments established to benefit those stations. The credit extension would apply to the following tax types: insurance premium, corporation net income, oil and gas property, oil and gas production, and mining license. The extension does not apply to the only other tax type (fisheries business) for which education credits are authorized.

Section 2. This section amends insurance tax statutes (AS 21.89) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$320,000, limited to 50% of the insurance premium tax liability. This section also provides language that would revert the credit back to current provisions (education contributions only and \$150,000 maximum credit), limited to 50% of the insurance tax liability, after December 31, 2001.

Section 3. This section provides that contributions may not be claimed as a deduction against a tax imposed by AS 43. Also, the credit may not exceed the maximum credit allowed when combined with credits taken under AS 43.

Section 4. This section amends corporation net income tax statutes (AS 43.20) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$320,000. This section also provides language that would revert the credit back to current provisions (education contributions only and \$150,000 maximum credit) after December 31, 2001.

Alaska Department of Revenue

SCSHB 269()
WORK DRAFT 9-LS0937\Z
February 12, 1996
Page 3 of 4

Section 5. This section provides that contributions may not be claimed as a deduction against a tax imposed by AS 43. Also, the credit may not exceed the maximum credit allowed when combined with credits taken under AS 21 and AS 43.

Section 6. This section amends oil and gas production tax statutes (AS 43.55) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$320,000. This section also provides language that would revert the credit back to current provisions (education contributions only and \$150,000 maximum credit) after December 31, 2001.

Section 7. This section provides that contributions may not be claimed as a deduction against a tax imposed by AS 43. Also, the credit may not exceed the maximum credit allowed when combined with credits taken under AS 21 and AS 43.

Section 8. This section amends oil and gas property tax statutes (AS 43.56) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$320,000. This section also provides language that would revert the credit back to current provisions (education contributions only and \$150,000 maximum credit) after December 31, 2001.

Section 9. This section provides that contributions may not be claimed as a deduction against a tax imposed by AS 43. Also, the credit may not exceed the maximum credit allowed when combined with credits taken under AS 21 and AS 43.

Section 10. This section amends mining license tax statutes (AS 43.65) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$320,000. This section also provides language that would revert the credit back to current provisions (education contributions only and \$150,000 maximum credit) after December 31, 2001.

Section 11. This section provides that contributions may not be claimed as a deduction against a tax imposed by AS 43. Also, the credit may not exceed the maximum credit allowed when combined with credits taken under AS 21 and AS 43.

Section 12. This section provides that the bill apply to tax years beginning after the December 31 that precedes the effective date of this Act.

Section 13. This Act would take effect January 1, 1997.

Alaska Department of Revenue

SCSHB 269()
WORK DRAFT 9-LS0937\Z
February 12, 1996
Page 4 of 4

Operating Costs

Department of Revenue does not anticipate any additional costs for administering the tax credit program under this bill. The Department would update its return forms to reflect credit provisions for contributions to public radio and television networks.

Revenue

Total education credits claimed during FY 95 against tax programs covered under this Act were \$1,742,200. Credits claimed under each program follows:

Insurance Premium (AS 21.09 and 21.66)	\$ 285,900
Corporation Net Income (AS 43.20)	1,306,300
Oil and Gas Production (AS 43.55)	0
Oil and Gas Property (AS 43.56)	0
Mining License (AS 43.65)	<u>150,000</u>
Total	<u>\$1,742,200</u>

Assuming that there would be a direct correlation between credits claimed in FY 95 and the 113% rate of increase in the maximum credit allowed under this bill (from \$150,000 to \$320,000) and assuming that taxpayers above contribute to education only, the state would expect credits for education to increase by 113% or \$1,968,700.

According to data compiled from most recent reports submitted to Department of Administration's Public Broadcasting Commission, corporation contributions to public radio and television including the Alaska Public Radio Network (APRN) during the fiscal year ended June 30, 1994 were approximately \$1,297,100. Contributions were individually less than \$100,000. Assuming that individual corporation contributions to public radio and television remain the same as for FY 94 and that \$1,297,100 in contributions would be subject to 50% credit, total credits related to public radio and television would be \$648,500. This assumes that corporations making contributions to public radio and television are not the same as for those making contributions to education.

Given the assumptions above, the combined revenue impact of this bill would be a reduction in General Fund revenue of \$2,617,200 (\$1,968,700 + \$648,500).

This bill would apply to tax years beginning after December 31, 1996. Since taxpayers file returns annually, the first returns for which a credit could be claimed (calendar year 1997) will not be due until spring of 1998. Accordingly, any revenue reduction from this bill would not be realized until FY 98. Calendar year 2001 will be due in spring of 2002 or FY 02.

9-LS0937J
Chenoweth
4/23/96

SENATE CS FOR CS FOR HOUSE BILL NO. 269()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES IVAN, Bunde, Foster, Williams, James

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska public broadcasting trust fund as a trust fund
2 of the state, and providing for its administration; relating to credits against
3 certain taxes for contributions to the Alaska public broadcasting trust fund,
4 increasing the amounts that may be claimed as credits against certain state
5 taxes, and precluding claims of the contributions as both credits and deductions
6 against the taxes; and terminating the credits authorized by this Act at the end
7 of five years; and providing for an effective date."

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

9 * Section 1. PURPOSE. Sections 1 - 3 and 5 - 12 of this Act extend the credits authorized
10 by ch. 58, SLA 1987, ch. 71, SLA 1991, and ch. 21, SLA 1994, against each of the following
11 state taxes for contributions made to the Alaska public broadcasting trust fund established in
12 AS 37.14:

13 (1) the insurance premium tax (AS 21.09.210) and the tax on title insurance

1 premiums (AS 21.66.110);

2 (2) Alaska Net Income Tax (AS 43.20);

3 (3) Oil and Gas Properties Production Tax (AS 43.55);

4 (4) Oil and Gas Exploration, Production, and Pipeline Transportation Property
5 Tax (AS 43.56);

6 (5) Mining License Tax (AS 43.65).

7 * Sec. 2. AS 21.89.070(a) is amended to read:

8 (a) Subject to (c) of this section, a [A] taxpayer is allowed as a credit against
9 the tax due under AS 21.09.210 or AS 21.66.110 the taxpayer's [FOR] cash
10 contributions

11 (1) for direct instruction, research, and educational support purposes,
12 including library and museum acquisitions, and contributions to endowment, that are
13 accepted by a nonprofit, public or private, Alaska two-year or four-year college or
14 university accredited by a regional accreditation association or that are accepted by an
15 Alaska university foundation that supports a university or college that could receive a
16 contribution for which a taxpayer may obtain a credit under this section; the [. THE]
17 amount of the credit is the lesser of

18 (A) [(1)] an amount equal to

19 (i) [(A)] 50 percent of contributions of not more than
20 \$100,000; and

21 (ii) [(B)] 100 percent of the next \$100,000 of
22 contributions; or

23 (B) [(2)] 50 percent of the taxpayer's tax liability under this title;

24 (2) made after the effective date of this Act and through
25 December 31, 2001, to the Alaska public broadcasting trust fund established under
26 AS 37.14.550; the amount of the credit is equal to 50 percent of annual
27 contributions of not more than \$300,000.

28 * Sec. 3. AS 21.89.070(c) is amended to read:

29 (c) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
30 under this section

31 (1) may not be claimed as a credit under more than one provision of this
32 title; [AND]

1 (2) may not be allowed as a deduction against a tax imposed by this
2 title or as a deduction against a tax imposed by AS 43; and

3 (3) may not, when combined with credits taken during the taxpayer's tax
4 year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

5 (A) through December 31, 2001, exceed \$300,000; and

6 (B) after December 31, 2001, exceed \$150,000.

7 * Sec. 4. AS 37.14 is amended by adding new sections to read:

8 ARTICLE 7. ALASKA PUBLIC BROADCASTING TRUST FUND.

9 Sec. 37.14.550. ALASKA PUBLIC BROADCASTING TRUST FUND
10 ESTABLISHED. (a) The Alaska public broadcasting trust fund is established as a
11 separate endowment trust fund of the state.

12 (b) The principal of the fund consists of

13 (1) legislative appropriations to the fund; and

14 (2) gifts, bequests, and contributions of cash or other assets to the fund.

15 (c) The net income of the fund shall be determined by the commissioner of
16 revenue in accordance with investment accounting principles and in a manner that
17 preserves the distinction between principal and income.

18 Sec. 37.14.560. POWERS AND DUTIES OF THE COMMISSIONER OF
19 REVENUE. The commissioner of revenue is the treasurer of the fund and has the power
20 and duty to:

21 (1) act as official custodian of the cash and investments belonging to the
22 fund by securing adequate and safe custodial facilities;

23 (2) receive all items of cash and investments belonging to the fund;

24 (3) collect the principal and income from investments owned or acquired
25 by the fund and deposit the amounts in separate principal and income accounts for the
26 fund;

27 (4) invest and reinvest the assets of the fund as provided in this section
28 and as provided for the investment of funds under AS 14.25.180(c) and AS 37.14.170;

29 (5) exercise the powers of an owner with respect to the assets of the
30 fund;

31 (6) maintain accounting records of the fund in accordance with
32 investment accounting principles and with distinction between the principal and income

1 accounts of the fund;

2 (7) engage an independent firm of certified public accountants to annually
3 audit the financial condition of the fund's investments and investment transactions;

4 (8) enter into and enforce contracts or agreements considered necessary
5 for the investment purposes of the fund;

6 (9) report to the commission the condition and investment performance
7 of the fund;

8 (10) do all acts, whether or not expressly authorized, that the
9 commissioner of revenue considers necessary or proper in administering the assets of the
10 fund.

11 Sec. 37.14.570. ADMINISTRATION OF THE FUND. The fund shall be
12 administered by the Alaska Public Broadcasting Commission.

13 Sec. 37.14.580. POWERS AND DUTIES OF THE COMMISSION. When
14 acting as administrator of the fund, the commission shall

15 (1) hold regular and special meetings it considers necessary; the
16 commission may hold meetings by teleconference;

17 (2) award grants from the net income of the fund under AS 44.21.256 -
18 44.21.290;

19 (3) solicit contributions, gifts, and bequests to the fund; and

20 (4) keep audiotape recordings of each meeting of the commission to be
21 made available on request.

22 Sec. 37.14.590. USE OF FUND. (a) The principal of the fund and any capital
23 gains or losses realized on the principal shall be retained perpetually in the fund for
24 investment as specified in AS 37.14.560, and may not be used for the awarding of
25 grants.

26 (b) The net income of the fund may be appropriated for the following purposes:

27 (1) awarding grants;

28 (2) soliciting contributions, gifts, and bequests for the fund; and

29 (3) offsetting the effect of inflation on the fund's principal during the
30 fiscal year; and

31 (4) reimbursing the Department of Revenue for the costs of establishing
32 the fund.

1 (c) Realized net income that has not been appropriated, or that has been
2 appropriated but not expended, shall be invested until appropriated and expended.

3 Sec. 37.14.599. DEFINITIONS. In AS 37.14.550 - 37.14.599,

4 (1) "commission" means the Alaska Public Broadcasting Commission
5 established under AS 44.21.256;

6 (2) "fund" means the Alaska public broadcasting trust fund established
7 under AS 37.14.550.

8 * Sec. 5. AS 43.20.014(a) is amended to read:

9 (a) Subject to (d) of this section, a taxpayer is allowed as a credit against the
10 tax due under this chapter the taxpayer's contributions as follows:

11 (1) for [FOR] cash contributions accepted for direct instruction, research,
12 and educational support purposes, including library and museum acquisitions, and
13 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
14 or private, Alaska two-year or four-year college accredited by a regional accreditation
15 association,

16 (A) [A TAXPAYER IS ALLOWED AS A CREDIT AGAINST
17 THE TAX DUE UNDER THIS CHAPTER (1)] 50 percent of contributions of
18 not more than \$100,000; and

19 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
20 (2) for contributions made after the effective date of this Act and
21 through December 31, 2001, to the Alaska public broadcasting trust fund
22 established under AS 37.14.550, 50 percent of annual contributions of not more than
23 \$300,000.

24 * Sec. 6. AS 43.20.014(d) is amended to read:

25 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
26 under this section

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

28 (2) may not also be allowed as a deduction [UNDER 26 U.S.C. 170]
29 against the tax imposed by this chapter or as a deduction against another tax imposed
30 by this title; and

31 (3) may not, when combined with credits taken during the taxpayer's tax
32 year under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

1 (A) through December 31, 2001, exceed \$300,000; and
 2 (B) after December 31, 2001, exceed \$150,000.

3 * Sec. 7. AS 43.55.019(a) is amended to read:

4 (a) Subject to (d) of this section, a producer of oil or gas is allowed as a
 5 credit against the tax due under this chapter the producer's contributions as
 6 follows:

7 (1) for [FOR] cash contributions accepted for direct instruction, research,
 8 and educational support purposes, including library and museum acquisitions, and
 9 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
 10 or private, Alaska two-year or four-year college accredited by a regional accreditation
 11 association,

12 (A) [A PRODUCER OF OIL OR GAS IS ALLOWED AS A
 13 CREDIT AGAINST THE TAX DUE UNDER THIS CHAPTER (1)] 50 percent
 14 of contributions of not more than \$100,000; and

15 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
 16 (2) for contributions made after the effective date of this Act and
 17 through December 31, 2001, to the Alaska public broadcasting trust fund
 18 established under AS 37.14.550, 50 percent of annual contributions of not more than
 19 \$300,000

20 * Sec. 8. AS 43.55.019(d) is amended to read:

21 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
 22 under this section may not

23 (1) be claimed as a credit under another provision of this title; [AND]

24 (2) be allowed as a deduction against the tax imposed by this chapter
 25 or as a deduction against another tax imposed by this title; and

26 (3) when combined with credits taken during the taxpayer's tax year
 27 under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

28 (A) through December 31, 2001, exceed \$300,000; and

29 (B) after December 31, 2001, exceed \$150,000.

30 * Sec. 9. AS 43.56.018(a) is amended to read:

31 (a) Subject to (d) of this section, the owner of property taxable under this
 32 chapter is allowed as a credit against the tax due under this chapter the owner's

1 contribution as follows:

2 (1) for [FOR] cash contributions accepted for direct instruction, research,
3 and educational support purposes, including library and museum acquisitions, and
4 contributions to endowment, by an Alaska university foundation or by a nonprofit, public
5 or private, Alaska two-year or four-year college accredited by a regional accreditation
6 association,

7 (A) [THE OWNER OF PROPERTY TAXABLE UNDER THIS
8 CHAPTER IS ALLOWED AS A CREDIT AGAINST THE TAX DUE UNDER
9 THIS CHAPTER (1)] 50 percent of contributions of not more than \$100,000;
10 and

11 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
12 (2) for contributions made after the effective date of this Act and
13 through December 31, 2001, to the Alaska public broadcasting trust fund
14 established under AS 37.14.550, 50 percent of annual contributions of not more than
15 \$300,000.

16 * Sec. 10. AS 43.56.018(d) is amended to read:

17 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
18 under this section may not

19 (1) be claimed as a credit under another provision of this title; [AND]

20 (2) be allowed as a deduction against the tax imposed by this chapter
21 or as a deduction against another tax imposed by this title; and

22 (3) when combined with credits taken during the taxpayer's tax year
23 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, or AS 43.75.018,

24 (A) through December 31, 2001, exceed \$300,000; and

25 (B) after December 31, 2001, exceed \$150,000.

26 * Sec. 11. AS 43.65.018(a) is amended to read:

27 (a) Subject to (d) of this section, a person engaged in the business of mining
28 in the state is allowed as a credit against the tax due under this chapter the
29 contributions made by the person as follows:

30 (1) for [FOR] cash contributions accepted for direct instruction, research,
31 and educational support purposes, including library and museum acquisitions, and
32 contributions to endowment, by an Alaska university foundation or by a nonprofit, public

1 or private, Alaska two-year or four-year college accredited by a regional accreditation
2 association,

3 (A) [A PERSON ENGAGED IN THE BUSINESS OF MINING
4 IN THE STATE IS ALLOWED AS A CREDIT AGAINST THE TAX DUE
5 UNDER THIS CHAPTER (1)] 50 percent of contributions of not more than
6 \$100,000; and

7 (B) [(2)] 100 percent of the next \$100,000 of contributions; and
8 (2) for contributions made after the effective date of this Act and
9 through December 31, 2001, to the Alaska public broadcasting trust fund
10 established under AS 37.14.550, 50 percent of annual contributions of not more than
11 \$300,000.

12 * Sec. 12. AS 43.65.018(d) is amended to read:

13 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
14 under this section may not

15 (1) be claimed as a credit under another provision of this title; [AND]

16 (2) be allowed as a deduction against the tax imposed by this chapter
17 or as a deduction against another tax imposed by this title; and

18 (3) when combined with credits taken during the taxpayer's tax year
19 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, or AS 43.75.018,

20 (A) through December 31, 2001, exceed \$300,000; and

21 (B) after December 31, 2001, exceed \$150,000.

22 * Sec. 13. AS 44.21.266 is amended to read:

23 Sec. 44.21.266. DUTIES OF THE COMMISSION. The commission shall

24 (1) have responsibility for administration of the Alaska public
25 broadcasting trust fund under AS 37.14.580, apply for federal and private funds for
26 public broadcasting purposes, [AND] receive all federal, state, or private funds, property,
27 or assistance that may be appropriated, granted, or otherwise made available to the
28 commission for public broadcasting purposes, and use and disburse funds and property
29 for purposes consistent with the terms of AS 44.21.256 - 44.21.290, subject to reasonable
30 limitations imposed by the grantor;

31 (2) provide consultative services in all aspects of public broadcasting to
32 all public or private agencies in the state that request them;

1 (3) serve as a library and clearinghouse for public broadcasting
2 information;

3 (4) through grants to qualified entities, develop an integrated public
4 broadcasting network for the state;

5 (5) through grants to qualified entities, develop and distribute public
6 broadcasting programming in the state;

7 (6) prepare and submit to the governor and the legislature, in compliance
8 with the state information systems plan adopted by the Telecommunications Information
9 Council in the Office of the Governor, a long-term plan for the development of public
10 broadcasting stations and systems in the state, and biennially update the plan; and

11 (7) perform all other functions necessary to ensure the orderly and
12 coordinated development of public broadcasting in the state.

13 * Sec. 14. Sections 1 - 3 and 5 - 12 of this Act apply to tax years beginning after the
14 December 31 that precedes the effective date of this Act.

15 * Sec. 15. This Act takes effect January 1, 1997.

9-LS0937Z
Chenoweth
2/7/96

SENATE CS FOR CS FOR HOUSE BILL NO. 269()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES IVAN, Bunde, Foster, Williams, James

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credits against certain taxes for contributions to certain public
2 educational radio and television networks and stations and to endowments for
3 public educational radio and television networks and stations, increasing the
4 amounts that may be claimed as credits against certain state taxes, and precluding
5 claims of the contributions as both credits and deductions against the taxes; and
6 terminating the public educational radio and television credits authorized by this
7 Act at the end of five years; and providing for an effective date."

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

9 * Section 1. PURPOSE. This Act extends the credits authorized by ch. 58, SLA 1987,
10 ch. 71, SLA 1991, and ch. 21, SLA 1994, against each of the following state taxes for
11 contributions made to instate public educational radio and television networks and stations and
12 to endowments established to benefit those public educational radio and television stations:

13 (1) the insurance premium tax (AS 21.09.210) and the tax on title insurance

1 premiums (AS 21.66.110);

2 (2) Alaska Net Income Tax (AS 43.20);

3 (3) Oil and Gas Properties Production Tax (AS 43.55);

4 (4) Oil and Gas Exploration, Production, and Pipeline Transportation Property
5 Tax (AS 43.56);

6 (5) Mining License Tax (AS 43.65).

7 * Sec. 2. AS 21.89.070(a) is amended to read:

8 (a) Subject to (c) of this section.

9 (1) after the effective date of this Act and through December 31,
10 2001, a [A] taxpayer is allowed as a credit against the tax due under AS 21.09.210 or
11 AS 21.66.110 the taxpayer's [FOR] cash contributions for direct instruction, research,
12 and educational support purposes, including library and museum acquisitions, and
13 contributions to endowment, that are accepted by a nonprofit, public or private, Alaska
14 two-year or four-year college or university accredited by a regional accreditation
15 association or that are accepted by an Alaska university foundation that supports a
16 university or college that could receive a contribution for which a taxpayer may obtain
17 a credit under this section, and the taxpayer's cash contributions accepted by a
18 nonprofit, noncommercial public Alaska educational radio or television network or
19 station and contributions to endowments established to benefit those networks and
20 stations. The amount of the credit is the lesser of

21 (A) [(1)] an amount equal to

22 (i) [(A)] 50 percent of contributions of not more than
23 \$100,000; and

24 (ii) 90 [(B) 100] percent of the next \$300,000
25 [\$100,000] of contributions; or

26 (B) [(2)] 50 percent of the taxpayer's tax liability under this
27 title; and

28 (2) after December 31, 2001, a taxpayer is allowed as a credit
29 against the tax due under AS 21.09.210 or AS 21.66.110 the taxpayer's cash
30 contributions for direct instruction, research, and educational support purposes,
31 including library and museum acquisitions, and contributions to endowment, that
32 are accepted by a nonprofit, public or private, Alaska two-year or four-year

1 college or university accredited by a regional accreditation association or that are
2 accepted by an Alaska university foundation that supports a university or college
3 that could receive a contribution for which a taxpayer may obtain a credit under
4 this section. The amount of the credit is the lesser of

5 (A) an amount equal to

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

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

9 or

10 (B) 50 percent of the taxpayer's tax liability under this title.

11 * Sec. 3. AS 21.89.070(c) is amended to read:

12 (c) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
13 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 be allowed as a deduction against a tax imposed by this
17 title or as a deduction against a tax imposed by AS 43; and

18 (3) 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,

21 (A) through December 31, 2001, exceed \$320,000; and

22 (B) after December 31, 2001, exceed \$150,000.

23 * Sec. 4. AS 43.20.014(a) is amended to read:

24 (a) Subject to (d) of this section,

25 (1) after the effective date of this Act and through December 31,
26 2001, for [FOR] cash contributions accepted for direct instruction, research, and
27 educational support purposes, including library and museum acquisitions, and
28 contributions to endowment, by an Alaska university foundation or by a nonprofit,
29 public or private, Alaska two-year or four-year college accredited by a regional
30 accreditation association, and for contributions accepted by a nonprofit,
31 noncommercial public Alaska educational radio or television network or station

1 and contributions to endowments established to benefit those stations, a taxpayer
2 is allowed as a credit against the tax due under this chapter

3 (A) [(1)] 50 percent of contributions of not more than \$100,000;

4 and

5 (B) 90 [(2) 100] percent of the next \$300,000 [\$100,000] of
6 contributions; and

7 (2) after December 31, 2001, for cash contributions accepted for
8 direct instruction, research, and educational support purposes, including library
9 and museum acquisitions, and contributions to endowment, by an Alaska
10 university foundation or by a nonprofit, public or private, Alaska two-year or
11 four-year college accredited by a regional accreditation association, a taxpayer is
12 allowed as a credit against the tax due under this chapter

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

14 and

15 (B) 100 percent of the next \$100,000 of contributions.

16 * Sec. 5. AS 43.20.014(d) is amended to read:

17 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
18 under this section

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

20 (2) may not also be allowed as a deduction [UNDER 26 U.S.C. 170]
21 against the tax imposed by this chapter or as a deduction against another tax
22 imposed by this title; and

23 (3) may not, when combined with credits taken during the taxpayer's
24 tax year under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, or
25 AS 43.75.018,

26 (A) through December 31, 2001, exceed \$320,000; and

27 (B) after December 31, 2001, exceed \$150,000.

28 * Sec. 6. AS 43.55.019(a) is amended to read:

29 (a) Subject to (d) of this section,

30 (1) after the effective date of this Act and through December 31,
31 2001, for [FOR] cash contributions accepted for direct instruction, research, and

1 educational support purposes, including library and museum acquisitions, and
 2 contributions to endowment, by an Alaska university foundation or by a nonprofit,
 3 public or private, Alaska two-year or four-year college accredited by a regional
 4 accreditation association, and for contributions accepted by a nonprofit.
 5 noncommercial public Alaska educational radio or television network or station
 6 and contributions to endowments established to benefit those stations. a producer
 7 of oil or gas is allowed as a credit against the tax due under this chapter

8 (A) [(1)] 50 percent of contributions of not more than \$100,000;

9 and

10 (B) 90 [(2) 100] percent of the next \$300,000 [\$100,000] of
 11 contributions; and

12 (2) after December 31, 2001, for cash contributions accepted for
 13 direct instruction, research, and educational support purposes, including library
 14 and museum acquisitions, and contributions to endowment, by an Alaska
 15 university foundation or by a nonprofit, public or private, Alaska two-year or
 16 four-year college accredited by a regional accreditation association, a producer
 17 of oil or gas is allowed as a credit against the tax due under this chapter

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

19 and

20 (B) 100 percent of the next \$100,000 of contributions.

21 * Sec. 7. AS 43.55.019(d) is amended to read:

22 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
 23 under this section may not

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

25 (2) be allowed as a deduction against the tax imposed by this
 26 chapter or as a deduction against another tax imposed by this title; and

27 (3) when combined with credits taken during the taxpayer's tax year
 28 under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, or AS 43.75.018,

29 (A) through December 31, 2001, exceed \$320,000; and

30 (B) after December 31, 2001, exceed \$150,000.

31 * Sec. 8. AS 43.56.018(a) is amended to read:

1 (a) Subject to (d) of this section.

2 (1) after the effective date of this Act and through December 31,
 3 2001, for [FOR] cash contributions accepted for direct instruction, research, and
 4 educational support purposes, including library and museum acquisitions, and
 5 contributions to endowment, by an Alaska university foundation or by a nonprofit,
 6 public or private, Alaska two-year or four-year college accredited by a regional
 7 accreditation association, and for contributions accepted by a nonprofit,
 8 noncommercial public Alaska educational radio or television network or station
 9 and contributions to endowments established to benefit those stations. the owner
 10 of property taxable under this chapter is allowed as a credit against the tax due under
 11 this chapter

12 (A) [(1)] 50 percent of contributions of not more than \$100,000;

13 and

14 (B) 90 [(2) 100] percent of the next \$300,000 [\$100,000] of
 15 contributions; and

16 (2) after December 31, 2001, for cash contributions accepted for
 17 direct instruction, research, and educational support purposes, including library
 18 and museum acquisitions, and contributions to endowment, by an Alaska
 19 university foundation or by a nonprofit, public or private, Alaska two-year or
 20 four-year college accredited by a regional accreditation association, the owner of
 21 property taxable under this chapter is allowed as a credit against the tax due
 22 under this chapter

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

24 and

25 (B) 100 percent of the next \$100,000 of contributions.

26 * Sec. 9. AS 43.56.018(d) is amended to read:

27 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
 28 under this section may not

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

30 (2) be allowed as a deduction against the tax imposed by this
 31 chapter or as a deduction against another tax imposed by this title; and

- 1 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
2 under this section may not
- 3 (1) be claimed as a credit under another provision of this title;
- 4 (2) be allowed as a deduction against the tax imposed by this
5 chapter or as a deduction against another tax imposed by this title; and
- 6 (3) when combined with credits taken during the taxpayer's tax year
7 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, or AS 43.75.018,
8 (A) through December 31, 2001, exceed \$320,000; and
9 (B) after December 31, 2001, exceed \$150,000.
- 10 * Sec. 12. This Act applies to tax years beginning after the December 31 that precedes the
11 effective date of this Act.
- 12 * Sec. 13. This Act takes effect January 1, 1997.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH 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

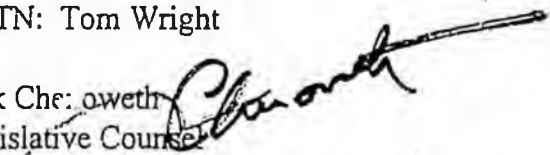
MEMORANDUM

February 7, 1996

SUBJECT: Draft SCS CSHB 269 () (Work Order No. 9-LS0937VZ)

TO: Representative Ivan Ivan
ATTN: Tom Wright

FROM: Jack Cheweth
Legislative Counsel



I am obliged to remind you of Uniform Rules 24(c) and 41(b) to the effect that amendment to a bill introduced in the other house is not in order if the amendment requires a change of the bill title other than a clerical or technical change.

In the accompanying draft Senate Committee Substitute, deletion of bill sections 12 - 16 of the House-passed version necessitates a title amendment, and the change in title is for other than clerical or technical reasons.

A concurrent resolution allowing the bill's title change is in order.

JBC:lmb
96-034.lmb

Enclosure

Alaska State House of Representatives House District 39

Session
Alaska State Capital
Juneau, Alaska 99801-1182
Phone: (907) 465-4942



Interim
P.O. Box 137
Akiak, Alaska 99552
Phone: (907) 765-7526

Representative Ivan M. Ivan

CHANGES IN CS FOR HOUSE BILL 269 (DRAFT 9-LS0937\Z)

The changes that are made in the blank committee substitute for HB 269 (Draft 9-LS0937\Z) are as follows:

- (1) **Title.** Deleted "amending the manner of computing refunds to local governments of the fisheries business tax and the fishery resource tax; establishing credits against the fishery resource landing tax." This title change reflects the removal of those sections addressing the fisheries taxes from the CS.
- (2) **Sections 2, 4, 6, 8, 10.** The changes made in these sections reduce the amount of the tax credit for the next \$300,000 in contributions from 100% to 90%. Also included in these sections is a change in the sunset date from December 31, 2000, to December 31, 2001.
- (3) **Sections 3, 5, 7, 9, 11.** The changes in these sections reflect the amended portion of the sections where the contribution for the next \$300,000 has been reduced from 100% to 90%. The credits may not exceed \$320,000 through December 31, 2001. The amount in the version passed by the House totaled \$350,000.
- (4) **Sections 12 through 16.** These sections, establishing credits for fisheries taxes, were deleted. The section that allowed tax credits for shared revenues in the fish taxes by both the state and municipalities was deleted also.
- (5) **Effective date.** The effective date in section 13 was changed from January 1, 1996, to January 1, 1997.

Alaska State House of Representatives

House District 39



Session
Alaska State Capital
Juneau, Alaska 99801-1182
Phone: (907) 465-4942

Interim
P.O. Box 137
Akiak, Alaska 99552
Phone: (907) 765-7526

Representative Ivan M. Ivan

SECTIONAL ANALYSIS for SCS for HOUSE BILL 269 (Finance)

Section 1: Purpose statement. Describes which state taxes credits may be applied against for contributions to instate public educational radio and television networks and stations and to endowments to benefit public educational radio and television stations and endowments established to benefit public broadcast stations.

Section 2: Extends tax credits for public broadcasting from the insurance premium tax and the tax on title insurance premiums. Increases the maximum credits under the insurance premium tax and the tax on title insurance premiums to \$400,000 or 50% of the taxpayer's tax liability. This is a new credit. This section also sunsets the public broadcast provisions on December 31, 2001, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 3: Explains that contributions claimed as a credit under AS 21.89.070 may not exceed \$320,000 through December 31, 2001, may not exceed \$150,000 after that date and may not be claimed as a credit under more than one provision of this title. Also explains that a credit may not be allowed as a deduction against the tax imposed by this title or as a deduction against a tax imposed by AS 43.

Section 4: Extends tax credits for public broadcasting from the Alaska Net Income Tax program (AS 43.20). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2001, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 5: Explains that contributions claimed as a credit under AS 43.20.014 may not exceed \$320,000, may not be claimed as a deduction against the tax imposed under this chapter and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2001, may not exceed \$320,000 and after that date, may not exceed \$150,000.

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SCS for HB 269 (FIN)

Section 6: Extends tax credits for public broadcasting from the Oil and Gas Properties Production Tax program (AS 43.55). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2001, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 7: Explains that contributions claimed as a credit under AS 43.55.019 may not exceed \$320,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2001, may not exceed \$320,000 and after that date, may not exceed \$150,000.

Section 8: Extends tax credits for public broadcasting from the Oil and Gas Exploration, Production and Pipeline Transportation Property Tax program (AS 43.56). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2001, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 9: Explains that contributions claimed as a credit under AS 43.56.018 may not exceed \$320,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2001, may not exceed \$320,000 and after that date, may not exceed \$150,000.

Section 10: Extends tax credits for public broadcasting from the Mining License Tax program (AS 43.65). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2001, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 11: Explains that contributions claimed as a credit under AS 43.65.018 may not exceed \$320,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2001, may not exceed \$320,000 and after that date, may not exceed \$150,000.

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Section 17: Clarifies tax year application.

Section 18: Effective date of January 1, 1997.

ALASKA DEPARTMENT OF REVENUE
 INCOME AND EXCISE TAX DIVISION
 February 24, 1996

H3 269 Analysis of Various Tax Credit Scenarios

TAX CREDIT	Contribution Amount	Amount of Tax Credit Granted			
		Current Law	50% Credit	75% Credit	100% Credit
FY95 Actuals					
Education Program	\$2,940,000	\$1,379,100			
Public Broadcasting	\$0	\$0			
Total	\$2,940,000	\$1,379,100			
H3259 Scenarios					
Scenario A					
Education Program	\$2,350,000		\$1,175,000	\$1,762,000	\$1,975,000
Public Broadcasting	\$1,300,000		\$650,000	\$812,500	\$975,000
Total	\$3,650,000		\$1,825,000	\$2,574,500	\$2,950,000
Scenario B					
Education	\$0		\$0	\$0	\$0
Public Broadcasting	\$2,600,000		\$1,300,000	\$1,625,000	\$1,950,000
Total	\$2,600,000		\$1,300,000	\$1,625,000	\$1,950,000

Footnotes Attached.

DEPARTMENT OF REVENUE
INCOME AND EXCISE AUDIT DIVISION
February 24, 1995

Footnotes for HB 269 Tax Credit Scenarios:

Current Law

Current law allows for contributions to educational institutions to generate tax credits for 50% of the first \$100,000 and 100% of the next \$100,000. Total eligible contributions are \$200,000 and total credit \$150,000.

Scenario A

Allows the first \$100,000 of contributions at a 50% credit and the next \$300,000 (tier 2) at the applicable % listed for each column. Balances are based on the assumption that businesses that have taken the education credit in the past would make new contributions up to the increased contribution ceiling of \$400,000. Of these businesses it would have all contributions (\$1,600,000) at the tier 2 level and remaining \$750,000 at the initial contribution level of 50% credit. The Public Broadcasting credit would be based on using the FY95 actual contributions assuming that one half would be given at the tier 2 level. For simplicity the same level of contribution is used for all the various credit levels, while the actual incentive for businesses to contribute at various levels may vary.

Scenario B

Allows for no increase in the education credit and assumes HB 269 would apply to Public Broadcasting only. This scenario allows the first \$100,000 of contributions to have a 50% credit and the next \$300,000 (tier 2) at the applicable percentage listed. This scenario assumes contributions to Public Broadcasting would double due to the increased incentive of the tax credit.

SENATE FINANCE
COMMITTEE

Amendment Number: 1
Bill Number: CSHB 269(FIN)
Sponsor: Sharp Date: 5/13/95
Logged In By: JAP

5-16-95
Sen. Sharp
Moved.
9-LS0937M.2 ✓
Chenoweth
5/13/95
Hold for
further
work.

A M E N D M E N T

OFFERED IN THE SENATE
TO: CSHB 269(FIN)

BY SENATOR LEMAN

1 Page 2, line 20, through page 9, line 31:

2 Delete all material and insert:

3 ** Sec. 2. AS 21.89.070(a) is amended to read:

4 (a) Subject to (c) of this section, a [A] taxpayer is allowed as a credit
5 against the tax due under AS 21.09.210 or AS 21.66.110 the taxpayer's [FOR] cash
6 contributions

7 (1) for direct instruction, research, and educational support purposes,
8 including library and museum acquisitions, and contributions to endowment, that are
9 accepted by a nonprofit, public or private, Alaska two-year or four-year college or
10 university accredited by a regional accreditation association or that are accepted by
11 an Alaska university foundation that supports a university or college that could receive
12 a contribution for which a taxpayer may obtain a credit under this section: the [
13 THE] amount of the credit is the lesser of

14 (A) [(1)] an amount equal to

15 (i) [(A)] 50 percent of contributions of not more than
16 \$100,000; and

17 (ii) [(B)] 100 percent of the next \$100,000 of
18 contributions; or

19 (B) [(2)] 50 percent of the taxpayer's tax liability under this
20 title;

21 (2) made after the effective date of this Act and through
22 December 31, 2000, and accepted by a nonprofit, noncommercial, public Alaska
23 educational radio or television network or station: the amount of the credit is the
24 lesser of

25 (A) an amount equal to 50 percent of contributions of not

1 more than \$100,000; or

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

3 * Sec. 3. AS 21.89.070(c) is amended to read:

4 (c) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
5 under this section

6 (1) may not be claimed as a credit under more than one provision of
7 this title; [AND]

8 (2) may not be allowed as a deduction against a tax imposed by
9 this title or as a deduction against a tax imposed by AS 43; and

10 (3) may not, when combined with credits taken during the taxpayer's
11 tax year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, [OR]
12 AS 43.75.018, or AS 43.77.045.

13 (A) through December 31, 2000, exceed \$200,000; and

14 (B) after December 31, 2000, exceed \$150,000.

15 * Sec. 4. AS 43.20.014(a) is amended to read:

16 (a) Subject to (d) of this section, a taxpayer is allowed as a credit against
17 the tax due under this chapter the taxpayer's contributions as follows:

18 (1) for [FOR] cash contributions accepted for direct instruction,
19 research, and educational support purposes, including library and museum acquisitions,
20 and contributions to endowment, by an Alaska university foundation or by a nonprofit,
21 public or private, Alaska two-year or four-year college accredited by a regional
22 accreditation association,

23 (A) [A TAXPAYER IS ALLOWED AS A CREDIT AGAINST
24 THE TAX DUE UNDER THIS CHAPTER (1)] 50 percent of contributions
25 of not more than \$100,000; and

26 (B) [(2)] 100 percent of the next \$100,000 of contributions;

27 and

28 (2) for contributions made after the effective date of this Act and
29 through December 31, 2000, and accepted by a nonprofit, noncommercial, public
30 Alaska educational radio or television network or station, 50 percent of
31 contributions of not more than \$100,000.

32 * Sec. 5. AS 43.20.014(d) is amended to read:

1 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a
2 credit under this section

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

4 (2) may not also be allowed as a deduction [UNDER 26 U.S.C. 170]
5 against the tax imposed by this chapter or as a deduction against another tax
6 imposed by this title; and

7 (3) may not, when combined with credits taken during the taxpayer's
8 tax year under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, [OR]
9 AS 43.75.018, or AS 43.77.045.

10 (A) through December 31, 2000, exceed \$200,000; and

11 (B) after December 31, 2000, exceed \$150,000.

12 * Sec. 6. AS 43.55.019(a) is amended to read:

13 (a) Subject to (d) of this section, a producer of oil or gas is allowed as a
14 credit against the tax due under this chapter the producer's contributions as
15 follows:

16 (1) for [FOR] cash contributions accepted for direct instruction,
17 research, and educational support purposes, including library and museum acquisitions,
18 and contributions to endowment, by an Alaska university foundation or by a nonprofit,
19 public or private, Alaska two-year or four-year college accredited by a regional
20 accreditation association,

21 (A) [A PRODUCER OF OIL OR GAS IS ALLOWED AS A
22 CREDIT AGAINST THE TAX DUE UNDER THIS CHAPTER (1)] 50
23 percent of contributions of not more than \$100,000; and

24 (B) [(2)] 100 percent of the next \$100,000 of contributions;

25 and

26 (2) for contributions made after the effective date of this Act and
27 through December 31, 2000, and accepted by a nonprofit, noncommercial, public
28 Alaska educational radio or television network or station. 50 percent of
29 contributions of not more than \$100,000.

30 * Sec. 7. AS 43.55.019(d) is amended to read:

31 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a
32 credit under this section may not

1 (1) be claimed as a credit under another provision of this title; [AND]

2 (2) be allowed as a deduction against the tax imposed by this
3 chapter or as a deduction against another tax imposed by this title; and

4 (3) when combined with credits taken during the taxpayer's tax year
5 under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, [OR] AS 43.75.018,
6 or AS 43.77.045.

7 (A) through December 31, 2000, exceed \$200,000; and

8 (B) after December 31, 2000, exceed \$150,000.

9 * Sec. 8. AS 43.56.018(a) is amended to read:

10 (a) Subject to (d) of this section, the owner of property taxable under this
11 chapter is allowed as a credit against the tax due under this chapter the owner's
12 contribution as follows:

13 (1) for [FOR] cash contributions accepted for direct instruction,
14 research, and educational support purposes, including library and museum acquisitions,
15 and contributions to endowment, by an Alaska university foundation or by a nonprofit,
16 public or private, Alaska two-year or four-year college accredited by a regional
17 accreditation association,

18 (A) [THE OWNER OF PROPERTY TAXABLE UNDER THIS
19 CHAPTER IS ALLOWED AS A CREDIT AGAINST THE TAX DUE
20 UNDER THIS CHAPTER (1)] 50 percent of contributions or not more than
21 \$100,000; and

22 (B) [(2)] 100 percent of the next \$100,000 of contributions;
23 and

24 (2) for contributions made after the effective date of this Act and
25 through December 31, 2000, and accepted by a nonprofit, noncommercial, public
26 Alaska educational radio or television network or station, 50 percent of
27 contributions of not more than \$100,000.

28 * Sec. 9. AS 43.56.018(d) is amended to read:

29 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a
30 credit under this section may not

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

32 (2) be allowed as a deduction against the tax imposed by this

1 chapter or as a deduction against another tax imposed by this title; and

2 (3) when combined with credits taken during the taxpayer's tax year
3 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, [OR] AS 43.75.018,
4 or AS 43.77.045.

5 (A) through December 31, 2000, exceed \$200,000; and

6 (B) after December 31, 2000, exceed \$150,000.

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

8 (a) Subject to (d) of this section, a person engaged in the business of
9 mining in the state is allowed as a credit against the tax due under this chapter
10 the contributions made by the person as follows:

11 (1) for [FOR] cash contributions accepted for direct instruction,
12 research, and educational support purposes, including library and museum acquisitions,
13 and contributions to endowment, by an Alaska university foundation or by a nonprofit,
14 public or private, Alaska two-year or four-year college accredited by a regional
15 accreditation association,

16 (A) [A PERSON ENGAGED IN THE BUSINESS OF
17 MINING IN THE STATE IS ALLOWED AS A CREDIT AGAINST THE
18 TAX DUE UNDER THIS CHAPTER (1)] 50 percent of contributions of not
19 more than \$100,000; and

20 (B) [(2)] 100 percent of the next \$100,000 of contributions;

21 and

22 (2) for contributions made after the effective date of this Act and
23 through December 31, 2000, and accepted by a nonprofit, noncommercial, public
24 Alaska educational radio or television network or station. 50 percent of
25 contributions of not more than \$100,000.

26 * Sec. 11. AS 43.65.018(d) is amended to read:

27 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a
28 credit under this section may not

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

30 (2) be allowed as a deduction against the tax imposed by this
31 chapter or as a deduction against another tax imposed by this title; and

32 (3) when combined with credits taken during the taxpayer's tax year

1 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, [OR] AS 43.75.018,
2 or AS 43.77.045.

3 (A) through December 31, 2000, exceed \$200,000; and

4 (B) after December 31, 2000, exceed \$150,000.

5 * Sec. 12. AS 43.75.018(a) is amended to read:

6 (a) Subject to (d) of this section, a person engaged in a fisheries business
7 is allowed as a credit against the tax due under this chapter the contributions
8 made by the person as follows:

9 (1) for [FOR] cash contributions accepted for direct instruction,
10 research, and educational support purposes, including library and museum acquisitions,
11 and contributions to endowment, by an Alaska university foundation or by a nonprofit,
12 public or private, Alaska two-year or four-year college accredited by a regional
13 accreditation association,

14 (A) [A PERSON ENGAGED IN A FISHERIES BUSINESS
15 IS ALLOWED AS A CREDIT AGAINST THE TAX DUE UNDER THIS
16 CHAPTER (1)] 50 percent of contributions of not more than \$100,000; and

17 (B) [(2)] 100 percent of the next \$100,000 of contributions;

18 and

19 (2) for contributions made after the effective date of this Act and
20 through December 31, 2000, and accepted by a nonprofit, noncommercial, public
21 Alaska educational radio or television network or station, 50 percent of
22 contributions of not more than \$100,000.

23 * Sec. 13. AS 43.75.018(d) is amended to read:

24 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a
25 credit under this section may not

26 (1) be claimed as a credit under another provision of this title; [AND]

27 (2) be allowed as a deduction against the tax imposed by this
28 chapter or as a deduction against another tax imposed by this title; and

29 (3) when combined with credits taken during the taxpayer's tax year
30 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, [OR] AS 43.65.018,
31 or AS 43.77.045,

32 (A) through December 31, 2000, exceed \$200,000; and

1 (B) after December 31, 2000, exceed \$150,000."

2 Page 10, line 4, through page 11, line 7:

3 Delete all material and insert:

4 **** Sec. 15.** AS 43.77 is amended by adding a new section to read:

5 Sec. 43.77.045. **ADDITIONAL RESOURCE LANDING TAX CREDIT.** (a)

6 Subject to (c) of this section, a person engaged in a fisheries business is allowed as a
7 credit against the tax due under this chapter the contributions made by the person as
8 follows:

9 (1) for cash contributions accepted for direct instruction, research, and
10 educational support purposes, including library and museum acquisitions, and
11 contributions to endowment by an Alaska university foundation or by a nonprofit,
12 public or private, Alaska two-year or four-year college accredited by a regional
13 accreditation association,

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

15 (B) 100 percent of the next \$100,000 of contributions; and

16 (2) for contributions made after the effective date of this Act and
17 through December 31, 2000, and accepted by a nonprofit, noncommercial, public
18 Alaska educational radio or television station, 50 percent of contributions of not more
19 than \$100,000.

20 (b) Each public college and university shall include in its annual operating
21 budget request contributions received under this section and how the contributions
22 were used.

23 (c) In each tax year, contributions claimed as a credit under this section may
24 not

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

26 (2) be allowed as a deduction against the tax imposed by this chapter
27 or as a deduction against another tax imposed by this title; and

28 (3) when combined with credits taken during the taxpayer's tax year
29 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or
30 AS 43.75.018,

31 (A) through December 31, 2000, exceed \$200,000; and

1

(B) after December 31, 2000, exceed \$150,000."

5-16-95
Filed 3-3

WORK DRAFT

WORK DRAFT

WORK DRAFT

SENATE FINANCE
COMMITTEE
Amendment Number: CS-1
Bill Number: HR 269
Sponsor: Phillips Date: 5/16/95
Logged In By: JJA

9-LS09370 ✓
Chenoweth
5/15/95

SENATE CS FOR CS FOR HOUSE BILL NO. 269()
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES IVAN. Bunde, Foster, Williams, James

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to credits against certain taxes for contributions to certain public
2 educational radio and television networks and stations and to endowments for
3 public educational radio and television networks and stations, increasing the
4 amounts that may be claimed as credits against certain state taxes, and precluding
5 claims of the contributions as both credits and deductions against the taxes;
6 amending the manner of computing refunds to local governments of the fisheries
7 business tax and the fishery resource landing tax; establishing credits against the
8 fishery resource landing tax; and terminating the public educational radio and
9 television credits authorized by this Act at the end of five years; and providing
10 for an effective date."

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

12 * Section 1. PURPOSE. (a) This Act extends the credits authorized by ch. 58, SLA 1987,

1 ch. 71, SLA 1991, and ch. 21, SLA 1994, against each of the following state taxes for
2 contributions made to instate public educational radio and television networks and stations and
3 to endowments established to benefit those public educational radio and television stations:

4 (1) the insurance premium tax (AS 21.09.210) and the tax on title insurance
5 premiums (AS 21.66.110);

6 (2) Alaska Net Income Tax (AS 43.20);

7 (3) Oil and Gas Properties Production Tax (AS 43.55);

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

10 (5) Mining License Tax (AS 43.65);

11 (6) Fisheries Taxes (AS 43.75).

12 (b) This Act also authorizes

13 (1) a credit against the fisheries resource landing tax for contributions made
14 for instruction, research, and educational support purposes that are accepted by a nonprofit,
15 public or private, Alaska two-year or four-year college or university or Alaska university
16 foundation; and

17 (2) a credit against that tax for contributions made to instate public educational
18 radio and television networks and stations and to endowments established to benefit those
19 public educational radio and television stations.

20 * Sec. 2. AS 21.89.070(a) is amended to read:

21 (a) Subject to (c) of this section,

22 (1) after the effective date of this Act and through December 31,
23 2000, a [A] taxpayer is allowed as a credit against the tax due under AS 21.09.210 or
24 AS 21.66.110 the taxpayer's [FOR] cash contributions for direct instruction, research,
25 and educational support purposes, including library and museum acquisitions, and
26 contributions to endowment, that are accepted by a nonprofit, public or private, Alaska
27 two-year or four-year college or university accredited by a regional accreditation
28 association or that are accepted by an Alaska university foundation that supports a
29 university or college that could receive a contribution for which a taxpayer may obtain
30 a credit under this section, and the taxpayer's cash contributions accepted by a
31 nonprofit, noncommercial public Alaska educational radio or television network or
32 station and contributions to endowments established to benefit those networks and

1 stations. The amount of the credit is the lesser of

2 (A) [(1)] an amount equal to

3 (i) [(A)] 50 percent of contributions of not more than
4 \$100,000; and

5 (ii) [(B)] 100 percent of the next \$300,000 [\$100,000]
6 of contributions; or

7 (B) [(2)] 50 percent of the taxpayer's tax liability under this
8 title; and

9 (2) after December 31, 2000, a taxpayer is allowed as a credit
10 against the tax due under AS 21.09.210 or AS 21.66.110 the taxpayer's cash
11 contributions for direct instruction, research, and educational support purposes,
12 including library and museum acquisitions, and contributions to endowment, that
13 are accepted by a nonprofit, public or private, Alaska two-year or four-year
14 college or university accredited by a regional accreditation association or that are
15 accepted by an Alaska university foundation that supports a university or college
16 that could receive a contribution for which a taxpayer may obtain a credit under
17 this section. The amount of the credit is the lesser of

18 (A) an amount equal to

19 (i) 50 percent of contributions of not more than
20 \$100,000; and

21 (ii) 100 percent of the next \$100,000 of contributions;

22 or

23 (B) 50 percent of the taxpayer's tax liability under this title.

24 * Sec. 3. AS 21.89.070(c) is amended to read:

25 (c) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
26 under this section

27 (1) may not be claimed as a credit under more than one provision of
28 this title; [AND]

29 (2) may not be allowed as a deduction against a tax imposed by this
30 title or as a deduction against a tax imposed by AS 43; and

31 (3) may not, when combined with credits taken during the taxpayer's

1 tax year under AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, [OR]
2 AS 43.75.018, or AS 43.77.045,

3 (A) through December 31, 2000, exceed \$350,000; and

4 (B) after December 31, 2000, exceed \$150,000.

5 * Sec. 4. AS 43.20.014(a) is amended to read:

6 (a) Subject to (d) of this section,

7 (1) after the effective date of this Act and through December 31,
8 2000, for [FOR] cash contributions accepted for direct instruction, research, and
9 educational support purposes, including library and museum acquisitions, and
10 contributions to endowment, by an Alaska university foundation or by a nonprofit,
11 public or private, Alaska two-year or four-year college accredited by a regional
12 accreditation association. and for contributions accepted by a nonprofit,
13 noncommercial public Alaska educational radio or television network or station
14 and contributions to endowments established to benefit those stations, a taxpayer
15 is allowed as a credit against the tax due under this chapter

16 (A) [(1)] 50 percent of contributions of not more than \$100,000;

17 and

18 (B) [(2)] 100 percent of the next \$300,000 [\$100,000] of
19 contributions; and

20 (2) after December 31, 2000, for cash contributions accepted for
21 direct instruction, research, and educational support purposes, including library
22 and museum acquisitions, and contributions to endowment, by an Alaska
23 university foundation or by a nonprofit, public or private, Alaska two-year or
24 four-year college accredited by a regional accreditation association, a taxpayer is
25 allowed as a credit against the tax due under this chapter

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

27 and

28 (B) 100 percent of the next \$100,000 of contributions.

29 * Sec. 5. AS 43.20.014(d) is amended to read:

30 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
31 under this section

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

2 (2) may not also be allowed as a deduction [UNDER 26 U.S.C. 170]
3 against the tax imposed by this chapter or as a deduction against another tax
4 imposed by this title; and

5 (3) may not, when combined with credits taken during the taxpayer's
6 tax year under AS 21.89.070, AS 43.55.019, AS 43.56.018, AS 43.65.018, [OR]
7 AS 43.75.018, or AS 43.77.045,

8 (A) through December 31, 2000, exceed \$350,000; and

9 (B) after December 31, 2000, exceed \$150,000.

10 * Sec. 6. AS 43.55.019(a) is amended to read:

11 (a) Subject to (d) of this section,

12 (1) after the effective date of this Act and through December 1,
13 2000, for [FOR] cash contributions accepted for direct instruction, research, and
14 educational support purposes, including library and museum acquisitions, and
15 contributions to endowment, by an Alaska university foundation or by a nonprofit,
16 public or private, Alaska two-year or four-year college accredited by a regional
17 accreditation association, and for contributions accepted by a nonprofit,
18 noncommercial public Alaska educational radio or television network or station
19 and contributions to endowments established to benefit those stations, a producer
20 of oil or gas is allowed as a credit against the tax due under this chapter

21 (A) [(1)] 50 percent of contributions of not more than \$100,000;

22 and

23 (B) [(2)] 100 percent of the next \$300,000 [\$100,000] of
24 contributions; and

25 (2) after December 31, 2000, for cash contributions accepted for
26 direct instruction, research, and educational support purposes, including library
27 and museum acquisitions, and contributions to endowment, by an Alaska
28 university foundation or by a nonprofit, public or private, Alaska two-year or
29 four-year college accredited by a regional accreditation association, a producer
30 of oil or gas is allowed as a credit against the tax due under this chapter

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

1 and

2 (B) 100 percent of the next \$100,000 of contributions.

3 * Sec. 7. AS 43.55.019(d) is amended to read:

4 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
5 under this section may not

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

7 (2) be allowed as a deduction against the tax imposed by this
8 chapter or as a deduction against another tax imposed by this title; and

9 (3) [(2)] when combined with credits taken during the taxpayer's tax
10 year under AS 21.89.070, AS 43.20.014, AS 43.56.018, AS 43.65.018, [OR]
11 AS 43.75.018, or AS 43.77.045,

12 (A) through December 31, 2000, exceed \$350,000; and

13 (B) after December 31, 2000, exceed \$150,000.

14 * Sec. 8. AS 43.56.018(a) is amended to read:

15 (a) Subject to (d) of this section,

16 (1) after the effective date of this Act and through December 31,
17 2000, for [FCR] cash contributions accepted for direct instruction, research, and
18 educational support purposes, including library and museum acquisitions, and
19 contributions to endowment, by an Alaska university foundation or by a nonprofit,
20 public or private, Alaska two-year or four-year college accredited by a regional
21 accreditation association, and for contributions accepted by a nonprofit,
22 noncommercial public Alaska educational radio or television network or station
23 and contributions to endowments established to benefit those stations, the owner
24 of property taxable under this chapter is allowed as a credit against the tax due under
25 this chapter

26 (A) [(1)] 50 percent of contributions of not more than \$100,000;

27 and

28 (B) [(2)] 100 percent of the next \$300,000 [\$100,000] of
29 contributions; and

30 (2) after December 31, 2000, for cash contributions accepted for
31 direct instruction, research, and educational support purposes, including library

1 and museum acquisitions, and contributions to endowment, by an Alaska
2 university foundation or by a nonprofit, public or private, Alaska two-year or
3 four-year college accredited by a regional accreditation association, the owner of
4 property taxable under this chapter is allowed as a credit against the tax due
5 under this chapter

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

7 and

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

9 * Sec. 9. AS 43.56.018(d) is amended to read:

10 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
11 under this section may not

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

13 (2) be allowed as a deduction against the tax imposed by this
14 chapter or as a deduction against another tax imposed by this title; and

15 (3) [(2)] when combined with credits taken during the taxpayer's tax
16 year under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.65.018, [OR]
17 AS 43.75.018, or AS 43.77.045,

18 (A) through December 31, 2000, exceed \$350,000; and

19 (B) after December 31, 2000, exceed \$150,000.

20 * Sec. 10. AS 43.65.018(a) is amended to read:

21 (a) Subject to (d) of this section,

22 (1) after the effective date of this Act and through December 31,
23 2000, for [FOR] cash contributions accepted for direct instruction, research, and
24 educational support purposes, including library and museum acquisitions, and
25 contributions to endowment, by an Alaska university foundation or by a nonprofit,
26 public or private, Alaska two-year or four-year college accredited by a regional
27 accreditation association, and for contributions accepted by a nonprofit,
28 noncommercial public Alaska educational radio or television network or station
29 and contributions to endowments established to benefit those stations, a person
30 engaged in the business of mining in the state is allowed as a credit against the tax due
31 under this chapter

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

(B) [(2)] 100 percent of the next \$300,000 [\$100,000] of
contributions; and

(2) after December 31, 2000, for cash contributions accepted for
direct instruction, research, and educational support purposes, including library
and museum acquisitions, and contributions to endowment, by an Alaska
university foundation or by a nonprofit, public or private, Alaska two-year or
four-year college accredited by a regional accreditation association, a person
engaged in the business of mining in the state is allowed as a credit against the
tax due under this chapter

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

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

* Sec. 11. AS 43.65.018(d) is amended to read:

(d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
under this section may not

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

(2) be allowed as a deduction against the tax imposed by this
chapter or as a deduction against another tax imposed by this title; and

(3) [(2)] when combined with credits taken during the taxpayer's tax
year under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, [OR]
AS 43.75.018, or AS 43.77.045,

(A) through December 31, 2000, exceed \$350,000; and

(B) after December 31, 2000, exceed \$150,000.

* Sec. 12. AS 43.75.018(a) is amended to read:

(a) Subject to (d) of this section,

(1) after the effective date of this Act and through December 31,
2000, for [FOR] cash contributions accepted for direct instruction, research, and
educational support purposes, including library and museum acquisitions, and
contributions to endowment, by an Alaska university foundation or by a nonprofit,

1 public or private, Alaska two-year or four-year college accredited by a regional
 2 accreditation association, and for contributions accepted by a nonprofit,
 3 noncommercial public Alaska educational radio or television network or station
 4 and contributions to endowments established to benefit those stations. a person
 5 engaged in a fisheries business is allowed as a credit against the tax due under this
 6 chapter

7 (A) [(1)] 50 percent of contributions of not more than \$100,000;

8 and

9 (B) [(2)] 100 percent of the next \$300,000 [\$100,000] of
 10 contributions; and

11 (2) after December 31, 2000, for cash contributions accepted for
 12 direct instruction, research, and educational support purposes, including library
 13 and museum acquisitions, and contributions to endowment, by an Alaska
 14 university foundation or by a nonprofit, public or private, Alaska two-year or
 15 four-year college accredited by a regional accreditation association, a person
 16 engaged in a fisheries business is allowed as a credit against the tax due under
 17 this chapter

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

19 and

20 (B) 100 percent of the next \$100,000 of contributions.

21 * Sec. 13. AS 43.75.018(d) is amended to read:

22 (d) In each tax year, contributions [A CONTRIBUTION] claimed as a credit
 23 under this section may not

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

25 (2) be allowed as a deduction against the tax imposed by this
 26 chapter or as a deduction against another tax imposed by this title; and

27 (3) [(2)] when combined with credits taken during the taxpayer's tax
 28 year under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, [OR]
 29 AS 43.65.018, or AS 43.77.045,

30 (A) through December 31, 2000, exceed \$350,000; and

31 (B) after December 31, 2000, exceed \$150,000.

1 * Sec. 14. AS 43.75.130(f) is amended to read:

2 (f) In this section, "tax revenue collected" includes one-half the amount
3 credited against taxes under AS 43.75.018, except that, for a municipality, "tax
4 revenue collected" includes the entire amount credited under AS 43.75.018 against
5 taxes collected in the municipality if the governing body of the municipality has
6 approved an ordinance or resolution authorizing a change in the definition of "tax
7 revenue collected" to include the total amount credited under AS 43.75.018
8 against those taxes, and has provided a certified copy of the ordinance or
9 resolution to the commissioner.

10 * Sec. 15. AS 43.77 is amended by adding a new section to read:

11 Sec. 43.77.045. ADDITIONAL RESOURCE LANDING TAX CREDIT. (a)

12 Subject to (c) of this section,

13 (1) after the effective date of this Act and through December 31, 2000,
14 for cash contributions accepted for direct instruction, research, and educational support
15 purposes, including library and museum acquisitions, and contributions to endowment,
16 by an Alaska university foundation or by a nonprofit, public or private, Alaska
17 two-year or four-year college accredited by a regional accreditation association, and
18 for contributions accepted by a nonprofit, noncommercial public Alaska educational
19 radio or television network or station and contributions to endowments established to
20 benefit those stations, a person engaged in a fisheries business is allowed as a credit
21 against the tax due under this chapter

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

23 (B) 100 percent of the next \$300,000 of contributions; and

24 (2) after December 31, 2000, for cash contributions accepted for direct
25 instruction, research, and educational support purposes, including library and museum
26 acquisitions, and contributions to endowment, by an Alaska university foundation or
27 by a nonprofit, public or private, Alaska two-year or four-year college accredited by
28 a regional accreditation association, a person engaged in a fisheries business is allowed
29 as a credit against the tax due under this chapter

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

31 (B) 100 percent of the next \$100,000 of contributions.

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

4 (c) In each tax year, contributions claimed as a credit under this section may
5 not

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

7 (2) be allowed as a deduction against the tax imposed by this chapter
8 or as a deduction against another tax imposed by this title; and

9 (3) when combined with credits taken during the taxpayer's tax year
10 under AS 21.89.070, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018, or
11 AS 43.75.018,

12 (A) through December 31, 2000, exceed \$350,000; and

13 (B) after December 31, 2000, exceed \$150,000.

14 * Sec. 16. AS 43.77.060 is amended by adding a new subsection to read:

15 (e) In (a) and (b) of this section, "tax revenue collected" includes one-half the
16 amount credited against taxes under AS 43.77.045, except that, for a municipality, "tax
17 revenue collected" includes the entire amount credited under AS 43.77.045 against
18 taxes collected in the municipality if the governing body of the municipality has
19 approved an ordinance or resolution authorizing a change in the definition of "tax
20 revenue collected" to include the total amount credited under AS 43.77.045 against
21 those taxes, and has provided a copy of the ordinance or resolution to the
22 commissioner.

23 * Sec. 17. This Act applies to tax years beginning after the December 31 that precedes the
24 effective date of this Act.

25 * Sec. 18. This Act takes effect January 1, 1996.

SENATE FINANCE
COMMITTEE

9-LS0937M.5

Chenoweth

5/16/95

Amendment Number: 2 replacement

Bill Number: HB 269

Sponsor: Sharp Date: 5/16/95

Logged In By: JH

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR SHARP

TO: CSHB 269(FIN)

1 Page 4, following line 4:

2 Insert a new bill section to read:

3 **** Sec. 4.** AS 21.89.070 is amended by adding a new subsection to read:

4 (d) A taxpayer who intends to claim a credit under this section for the
5 taxpayer's contribution to a nonprofit, noncommercial public Alaska educational radio
6 or television network or station or for the taxpayer's contributions for an endowment
7 established to benefit a nonprofit, noncommercial public Alaska educational radio or
8 television network or station shall disclose that intent at the time of the presentation
9 and acceptance of the taxpayer's contribution. The disclosure must state that, as a
10 result of the contribution, the taxpayer may reduce the tax due the state for a
11 percentage of the contribution, and state the actual cost of the contribution to the
12 taxpayer. If a taxpayer fails to make the disclosure required by this subsection, the
13 tax credit for the contribution is disallowed."

14 Renumber the following bill sections accordingly.

15 Page 11, following line 10:

16 Insert a new bill section to read:

17 **** Sec. 18.** AS 43.99 is amended by adding a new section to read:

18 **Sec. 43.99.020. DISCLOSURE OF INTENT TO CLAIM PUBLIC**
19 **BROADCASTING CREDITS.** (a) A taxpayer who intends to claim a credit under
20 this title for the taxpayer's contribution to a nonprofit, noncommercial public Alaska
21 educational radio or television network or station or for the taxpayer's contributions
22 for an endowment established to benefit a nonprofit, noncommercial public Alaska
23 educational radio or television network or station shall disclose that intent at the time

1 of the presentation and acceptance of the taxpayer's contribution. The disclosure must
2 state that, as a result of the contribution, the taxpayer may reduce the tax due the state
3 for a percentage of the contribution, and state the actual cost of the contribution to the
4 taxpayer.

5 (b) If a taxpayer fails to make the disclosure required by (a) of this section,
6 the tax credit for the contribution is disallowed."

7 Renumber the following bill sections accordingly.

CONCEPTUAL AMENDMENT

OFFERED IN THE SENATE

BY SENATOR SHARP

TO: CSHB 269(FIN)

SENATE FINANCE
COMMITTEE

Page 11:

Amendment Number: 2
Bill Number: HB 269
Sponsor: Sharp Date: 5/16/95
Logged In By: JAS

Add a new section to read:

Disclosure by a taxpayer of intent to claim a tax credit under AS 21.89.070 (a)(2) must be made at each occasion of presentation and acknowledgement of cash contribution. The disclosure shall state that as a result of the contribution the taxpayer is allowed a reduction in the amount of tax due the State of Alaska of 50% or 100% of the amount of contribution, whichever is applicable, and shall also state the actual cost of the contribution to the contributor. Failure to make such a disclosure will result in disallowance of the tax credit.

Possible Consensus

50% of first \$100K
60% of next \$300K

If a muni opts out, credit is disallowed
to the extent of the muni's share

Revision Date: _____ Dept. Affected: Revenue
 Title: Tax Credit: Gifts to Public Broadcasting BRU: Audit Operations
 Component: Income and Excise Audit
 Sponsor: Rep. Ivan, Bunde
 Requestor: (H) FIN COMPONENT SERIAL NO. 113

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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						
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REVENUE FUND SOURCE: GF	0.0	(3,046.0)	(3,046.0)	(3,046.0)	(3,046.0)	(3,046.0)
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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 (FY95) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert N. Bartholomew, Deputy Director Phone: 465-2320
 Division: Income and Excise Audit Date: 4/28/95
 Approved by Commissioner: [Signature] Date: 4/28/95
 Agency: Department of Revenue

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Alaska Department of Revenue

CSHB 269 (FIN)
9-LS0937M
April 28, 1995
Page 2 of 4

Bill Analysis

This bill expands current education credit statutes, adds a tax type against which credits may be claimed, increases the amount of credit, and provides for a sunset date for the increase as follows:

- **Expanded Base:** Taxpayers would be allowed to claim a credit for contributions to an Alaska public radio or television network in addition to a university or college.
- **Increased Credit:** The maximum credit would increase by \$200,000, from the current \$150,000 maximum to \$350,000.
- **Additional Tax Type:** Credits for contributions would apply to the fishery resources landing tax under AS 43.77.
- **Sunset Date:** After December 31, 2000, the amount of credit reverts back to the current \$150,000 maximum.

CSHB 269(FIN) does not necessarily foster an incentive for businesses to make contributions to public radio and television networks because the bill does not segregate requirements for public radio and television network contributions from Alaska education contributions. Rather, public radio and television credit language is incorporated into existing sections for Alaska education credits and therefore, it would be at a taxpayer's discretion to pick and choose between Alaska education or public radio and television contributions. Under this bill, it is possible for a taxpayer to claim the maximum credit from contributions to only an Alaska university or college.

Section 1. This section would extend credits against state taxes for contributions made to instate public educational radio and television networks and stations and endowments established to benefit those stations. This section would authorize a credit against fisheries resource landing tax for contributions to instate colleges and universities, and public educational radio and television networks and stations and endowments.

Section 2. This section amends insurance tax statutes (AS 21.89) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000, limited to 50% of the insurance tax liability. This section also provides language that would revert the credit back to the current \$150,000 maximum, limited to 50% of the insurance tax liability, after December 31, 2000.

Section 3 This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

Section 4. This section amends corporation net income tax statutes (AS 43.20) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

Alaska Department of Revenue

CSHB 269 (FIN)
9-LS0937M
April 28, 1995
Page 3 of 4

Section 5. This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

Section 6. This section amends oil and gas severance tax statutes (AS 43.55) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

Section 7. This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

Section 8. This section amends oil and gas property tax statutes (AS 43.56) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

Section 9. This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

Section 10. This section amends mining license tax statutes (AS 43.65) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

Section 11. This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

Section 12. This section amends fisheries business tax statutes (AS 43.75) to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after December 31, 2000.

Section 13. This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

Section 14. This section redefines "tax revenue collected" under AS 43.75 so that one-half of the tax credit claimed would be included in amounts to be shared with municipalities rather than including the whole amount as currently provided.

Section 15. This section amends fishery resources landing tax statutes (AS 43.77) by adding a new section to authorize credits for contributions to public educational television and radio networks or stations and contributions to endowments for those networks and stations. This section increases the current \$150,000 maximum credit to \$350,000. This section also provides language that would revert the credit back to the current \$150,000 maximum after

Alaska Department of Revenue

CSHB 269 (FIN)
9-LS0937M
April 28, 1995
Page 4 of 4

December 31, 2000. This section would not allow contributions to be claimed as a deduction against a tax imposed by AS 43.

Section 16. This section redefines "tax revenue collected" under AS 43.75 so that one-half of the tax credit claimed would be included in amounts to be shared with municipalities.

Section 17. This section provides that the bill apply to tax years beginning after December 31, 1995.

Section 18. This bill would take effect January 1, 1996.

Operating Costs

Department of Revenue does not anticipate any additional costs for administering the tax credit program under this bill. The Department would update its returns to allow for taxpayers to claim a credit for contributions to public radio and television networks.

Revenue

Total education credits claimed during FY 95 to date have been approximately \$1,450,000. Assuming that there would be a direct correlation between credits claimed in FY 95 and the 133% rate of increase in the maximum credit allowed under this bill (from \$150,000 to \$350,000), the state would expect credits to increase by 133% or \$1,928,500. Assuming that \$300,000 of the credits would be subject to 50% credit, the increase in credits would be \$1,778,500 (\$1,928,500 - \$150,000).

According to data compiled from most recent reports submitted to Department of Administration's Public Broadcasting Commission, corporation contributions to public radio and television including the Alaska Public Radio Network (APRN) during the fiscal year ended June 30, 1993 were approximately \$1,690,000. Assuming that individual corporation contributions to public radio and television remain the same as for FY 93 and that \$845,000 in contributions would be subject to 50% credit and \$845,000 of contributions would be subject to 100% credit, total credits would increase by \$1,267,500.

Given the assumptions above, the combined revenue impact of this bill would be a reduction in General Fund revenue of **\$3,046,000** (\$1,778,500 + \$1,267,500).

This bill would apply to tax years beginning after December 31, 1995. Since corporation, fisheries business, and mining license taxpayers file annual returns, the first returns for which a credit could be claimed (calendar year 1996) will not be due until April 1997. Accordingly, any revenue reduction from this bill would not be realized until FY 97.



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

To: Senate Finance Committee
From: Kevin Ritchie, Executive Director
Date: May 9, 1995
Re: CS for House bill No. 269 (FIN)

This bill, as it stands, is a mandate on municipalities that requires the involuntary reduction of municipal revenues to support public radio and television, and educational facilities.

It is appropriate for municipalities to make individual decisions whether or not to support these programs with local funds. It is not appropriate for the state to mandate municipal support of these programs.

The AML does not object to the bill if an amendment is added to remove the mandate on municipalities.

A suggested amendment to remove the municipal mandate is:

1. Delete Section 14
2. In Section 16 delete "one half"

Alaska State House of Representatives
House District 39



Session 1
Alaska State Capital
Juneau, Alaska 99801-1182
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Phone: (907) 765-7526

Representative Ivan M. Ivan

MEMORANDUM

RECEIVED

MAY '95 REC'D

TO: Senator Rick Halford, Co-Chair
Senator Steve Frank, Co-Chair
Senate Finance Committee

FROM: Representative Ivan M. Ivan *IMI*

DATE: May 7, 1995

RE: Request for Scheduling of House Bill 269

I respectfully request the scheduling of House Bill 269: Tax Credit: Gifts to Public Broadcasting, before the Senate Finance Committee at your earliest possible convenience.

This bill would provide for a tax credit for contributions made to instate public educational radio and television networks and stations. The credit is limited to \$500,000; 50% of the first \$100,000 in contributions and 100% of contributions over \$100,000, not to exceed a total of \$500,000. The public broadcast portion of the bill sunsets in 5 years.

With cuts to public broadcasting proposed this session, I believe it is imperative we present options to entities such as public broadcasting to make up for any general fund reductions. The tax credit provides one of those options.

Thank you for your consideration of my request. Please contact my aide, Tom Wright, if you require further information or if you have any questions.

IMI/tw

Alaska State House of Representatives House District 39

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Juneau, Alaska 99801-1182
Phone: (907) 465-4942



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P.O. Box 137
Akiak, Alaska 99552
Phone: (907) 765-7526

Representative Ivan M. Ivan

SPONSOR STATEMENT - COMMITTEE SUBSTITUTE for HOUSE BILL 269 (FINANCE)

With reduced funding proposed for public broadcasting, I introduced House Bill 269 to provide an alternative funding source and lessen the general fund demand for this service.

This committee substitute provides a tax credit for contributions made to instate public radio and television stations and networks. The credit to public broadcasting is limited to \$350,000; 50% of the first \$100,000 in contributions and 100% of contributions of the next \$300,000. The new limits also apply to the university system and library and museum acquisitions. The tax credit would be applied against a taxpayer's liability under the following tax types: the insurance premium tax (AS 21.09.210), tax on title insurance premiums (AS 21.66.110), corporation income (AS 43.20), oil and gas production (AS 43.55), oil and gas property (AS 43.56), mining license (AS 43.65), fisheries business (AS 43.75) and the fisheries resource landing tax (AS 43.77). The credit claimed under one of the tax types may not be claimed under another tax type and may not be deducted against a tax imposed under the titles of the tax types previously listed.

A different maximum for the insurance premium tax and the title insurance tax is established. An attached memorandum from Legislative Counsel Jack Chenoweth explains the limitation.

A provision was added in House Finance which sunsets the public broadcast provisions of this legislation after December 31, 2000. The tax credits are reduced to their original amount after this date and would still apply to contributions for a university, library or museum that are in state.

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Juneau, Alaska 99801-2105

MEMORANDUM

March 23, 1995

SUBJECT: Draft CSHB 269 () (Work Order No. 9-LS0937\F)

TO: Representative Ivan Ivan
ATTN: Tom Wright

FROM: Jack Chenoweth
Legislative Counsel 

This bill draft splits the authority for the contributions, leaving the existing contribution schedules for museums, libraries, and University purposes unaffected, but adding a credit for contributions to public educational radio and television networks and stations and endowments established to support them.

Unlike the original bill, this draft expands the credit to cover contributions that may be claimed as credits against insurance tax-related sources under AS 21.89.070--specifically, the insurance premium tax, AS 21.09.210, and the title insurance premium tax, AS 21.66.110. For the credits against that pair of taxes only, a different maximum is established. That ceiling may be lower than is provided in credits against other taxes. The credit ceiling for contributions claims as credits against the insurance taxes is further limited to "50 percent of the taxpayer's liability under [AS 21]." That limitation was in place for contributions made for libraries, museums, and university purposes and I simply extended it to cover contributions for public educational radio and television networks and stations and endowments established to support them.

My recollection is that the "50 percent of the taxpayer's liability under [AS 21]" language was included when the credit was first authorized under AS 21.89.070(a) to reflect the fact that (1) revenue derived from the insurance taxes were not significant--certainly in no way approximated amounts received from the corporate income tax or the severance tax, for example--and (2) that, without that kind of ceiling, it might be possible for the taxpayer to claim the entire amount of tax liability as a credit, thereby leaving no return of revenue to the state. Those considerations prompted me to bring the ceiling concept forward into this draft committee substitute.

JBC:glc
95-260.glc

Alaska State House of Representatives House District 39

Session
Alaska State Capital
Juneau, Alaska 99801-1182
Phone: (907) 465-4942



Interim
P.O. Box 137
Aktak, Alaska 99552
Phone: (907) 765-7526

Representative Ivan M. Ivan

SECTIONAL ANALYSIS for CS for HOUSE BILL 269 (Finance)

Section 1: Purpose statement. Describes which state taxes credits may be applied against for contributions to instate public educational radio and television networks and stations and to endowments to benefit public educational radio and television stations and endowments established to benefit public broadcast stations.

Section 2: Extends tax credits for public broadcasting from the insurance premium tax and the tax on title insurance premiums. Increases the maximum credits under the insurance premium tax and the tax on title insurance premiums to \$400,000 or 50% of the taxpayer's tax liability. This is a new credit. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 3: Explains that contributions claimed as a credit under AS 21.89.070 may not exceed \$350,000 through December 31, 2000, may not exceed \$150,000 after that date and may not be claimed as a credit under more than one provision of this title. Also explains that a credit may not be allowed as a deduction against the tax imposed by this title or as a deduction against a tax imposed by AS 43.

Section 4: Extends tax credits for public broadcasting from the Alaska Net Income Tax program (AS 43.20). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 5: Explains that contributions claimed as a credit under AS 43.20.014 may not exceed \$350,000, may not be claimed as a deduction against the tax imposed under this chapter and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

Section 6: Extends tax credits for public broadcasting from the Oil and Gas Properties Production Tax program (AS 43.55). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 7: Explains that contributions claimed as a credit under AS 43.55.019 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

Section 8: Extends tax credits for public broadcasting from the Oil and Gas Exploration, Production and Pipeline Transportation Property Tax program (AS 43.56). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 9: Explains that contributions claimed as a credit under AS 43.56.018 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

Section 10: Extends tax credits for public broadcasting from the Mining License Tax program (AS 43.65). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 11: Explains that contributions claimed as a credit under AS 43.65.018 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

Section 12: Extends tax credits for public broadcasting from the Fisheries Taxes program (AS 43.75). Increases the contributions to \$400,000 for all programs eligible to receive these contributions. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums.

Section 13: Explains that contributions claimed as a credit under AS 43.75.018 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

Section 14: Explains the tax revenue collected under AS 43.75 includes one-half the amount credited against taxes. The amount of the credit against taxes under AS 43.75.018 will be shared by both the state and the municipalities receiving this tax revenue.

Section 15: Allows tax credits for public broadcasting for the Additional Resource Landing Tax program (AS 43.77). Allows for contributions up to \$400,000 for universities, libraries, museums and public broadcasting. This section also sunsets the public broadcast provisions on December 31, 2000, and reduces the contribution to \$200,000 after that date to universities, libraries and museums. Explains that contributions claimed as a credit under AS 43.77.045 may not exceed \$350,000, may not be allowed as a deduction against the tax imposed by this chapter or as a deduction against another tax imposed by this title and may not be claimed as a credit under more than one provision of this title. The credits through December 31, 2000, may not exceed \$350,000 and after that date, may not exceed \$150,000.

Page Three
Sectional Analysis
CSHB 269 (Finance)

Section 16: Explains the tax revenue collected under AS 43.77 includes one-half the amount credited against taxes. The amount of the credit against taxes under AS 43.77.060 will be shared by both the state and the municipalities receiving this tax revenue.

Section 17: Clarifies tax year application.

Section 18: Effective date of January 1, 1996.

KEY POINTS - HB 269

ESTABLISHES A TAX CREDIT FOR PUBLIC BROADCASTING

A tax credit program is already in place for state universities, libraries and museums. The statute allowing this credit may not exceed \$150,000. Contributions are limited to \$200,000. The credit is broken down this way: 50% of the first \$100,000 and 100% of the next \$100,000.

50% of the first \$100,000=	\$50,000
100% of the next \$100,000=	<u>\$100,000</u>
Total Tax credit	\$150,000

HB 269 would establish a tax credit for public broadcasting and increase the contribution amount from \$200,000 to \$400,000. The credit allowed for corporations paying state taxes is broken down as follows:

50% of the first \$100,000=	\$50,000
100% of the next \$300,000=	<u>\$300,000</u>
Total Tax credit	\$350,000

This bill also closes loopholes in current law which allow for both tax deductions and tax credits. Under HB 269, the credit cannot be used a deduction.

WHO CAN CONTRIBUTE

Any corporation or entity that pays a state tax for insurance premiums, title insurance premiums, the Alaska Net Income Tax (corporate income tax), oil and gas properties production, oil and gas exploration, production, and pipeline transportation property, mining license, fisheries and the fisheries resource landing.

The fisheries tax and the fisheries landing resource tax are split 50-50 between the state and the participating municipalities. Under HB 269, the tax credit would be deducted against both the state's and municipalities' share of these taxes. According to the Department of Revenue, the current total affect on the fisheries tax is \$500 a year. The fisheries resource landing tax is still being resolved in court and no revenues have been received from this tax as of this date.

A corporation or entity paying state taxes can receive tax credits of up to \$350,000 for a contribution or contributions to one of the eligible participants in the bill or receive a tax credit of up to \$350,000 by contributing to one or all of the eligible participants (university, libraries, museums, public broadcasting). However, the total amount in tax credits is limited to \$350,000.

WHY NOT KEEP THE CONTRIBUTION LIMIT AT \$200,000 AS IT CURRENTLY IS

By keeping the contributions at current level of \$200,000 the addition of public broadcasting would create even more competition for limited dollars. By raising the cap to \$400,000, this creates more leeway for the same interests to contribute dollars to those eligible to receive the contributions. There are only so many corporations or entities paying state taxes.

WHO CAN RECEIVE THE CONTRIBUTIONS UNDER HB 269

Any state university (public or private-such as Sheldon Jackson), libraries, museums, public broadcast television stations or radio stations can receive a contribution. The public broadcast endowment trust is also eligible to receive contributions.

WHAT IS THE PUBLIC BROADCASTING ENDOWMENT TRUST?

It's a non-profit organization set up by APRN initially and now it represents all public broadcast stations. It is designed to raise money for an endowment so the interests from that endowment may eventually replace state funding of public broadcasting. Some of those who make up the trust; Robert Gottstein-Chair, Ed Rasmussen, John Ayers, Roy Huhndorf, Jacob Adams, Dave Rose, Ashley Reed, Will Peterson, Roy Brown. These members are among the largest contributors in the state to public broadcasting.

MATCHING FEDERAL FUNDS

Any contribution made under this proposal would accrue up to 28% in federal matching funds from the corporation for public broadcasting.

POLL

A statewide poll of 3900 Alaskans conducted by Willhight Research Corporation indicated that 65.4% of Alaskans support a corporate tax credit to public radio.

SUNSET

The public broadcasting portion of this bill sunsets in five years. The contribution limit and those eligible to receive contributions reverts to current statute.

AFFECT ON THE TREASURY

There will be a loss in state revenues. However, it will be far less than the operating support the legislature is mandating this year. Hopefully, in the near future, state dollars will not be sought to fund operations of public broadcast stations.

WHY SHOULD PUBLIC BROADCASTING RECEIVE A CREDIT AND NOT OTHER GROUPS

The state has a special relationship with public broadcasting unlike any other non-profit organizations. In 1966, the state created the Alaska Educational Broadcast Commission to set up a state system of public broadcasting stations. The state applied for the licenses, hired the station managers and assisted in constructing the stations. A representative of the state, by regulation, sits on the board of directors of every station. Since the state created the system, there is a special obligation to assist local communities in maintaining the service. Most of these stations were on the air by 1981, before the huge influx of oil money into the state treasury.

200,000 Alaskans use public broadcasting every week, few if any other non-profits affect or serve this many Alaskans. This service is often the only communication service for the Bush and a major element in the state's emergency response system.

HB269 (IVAN, Bunde) PUBLIC BROADCASTING TAX CREDITS

HB269 encourages corporate contributions to public broadcasting by providing modest tax credits for such donations. The bill extends to public broadcasting tax credits already authorized for higher education under ch. 58, LA 1987, and ch. 71, SLA 1991, allowing for a 50% tax credit on the first \$100,000 of contributions and 100% tax credit on subsequent contributions. This bill allows tax credits up to a maximum of \$450,000.

Why should public broadcasting receive special consideration for a tax credit?

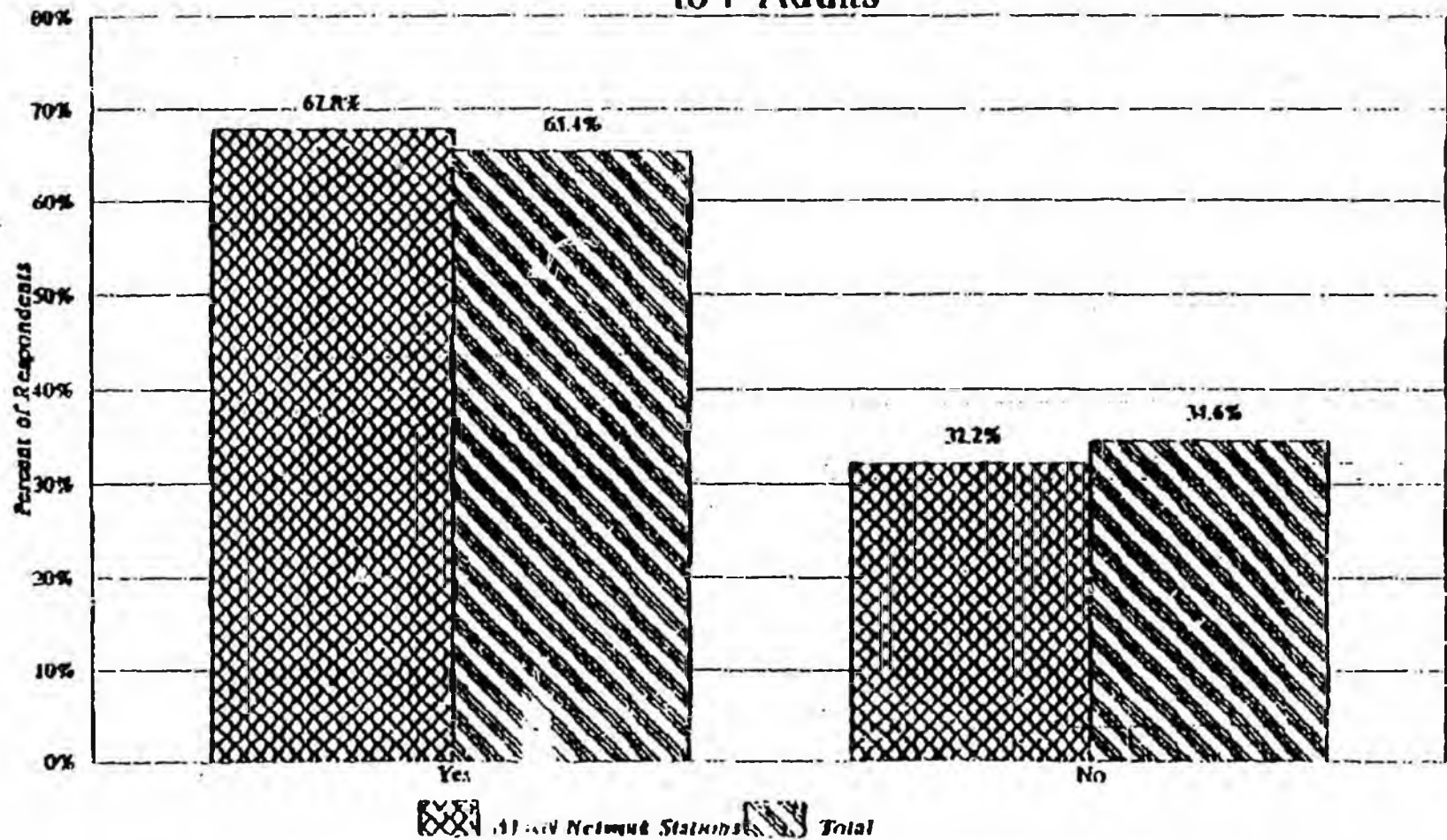
1. Many members of the Legislature have indicated their wish to see public broadcasting less dependent on state funding and more reliant on private sector support. HB269 will "kick start" the move towards increasing private support for public broadcasting.
2. A statewide poll of 3900 Alaskans conducted by Willhight Research Corporation (Seattle) indicates that 65.4% of Alaskans support a corporate tax credit for contributions to public radio.
3. Public broadcasting has a special relationship with the state unlike that with other non-profit corporations. The state initially SET UP most of the stations in the state--applied for the licenses, hired the station managers, and supervised construction. 200,000 Alaskans each week now depend on public broadcasting. Individuals donate over \$2 million each year. Few non-government programs in the state enjoy such widespread use and support.
4. In response to the Legislature's desire for public broadcasting to be more aggressive in seeking private support, the Public Broadcasting Endowment Trust was created in 1993 to raise and invest private funding to support public broadcasting services in future years. The Trust, a bi-partisan private corporation whose members include Ed Rasmuson, Robert Gottstein, John Ayers and Jacob Adams, considers HB269 to be essential to their effort to "seed" the Trust.
5. Federal matching funds of up to 28% on the dollar will be available for all contributions made under this tax credit bill.

Would you support giving corporations who contribute to public radio a credit on their taxes?

* Survey Area: State of Alaska (NSSA)

Survey Date: January 6 - March 2, 1994

18+ Adults



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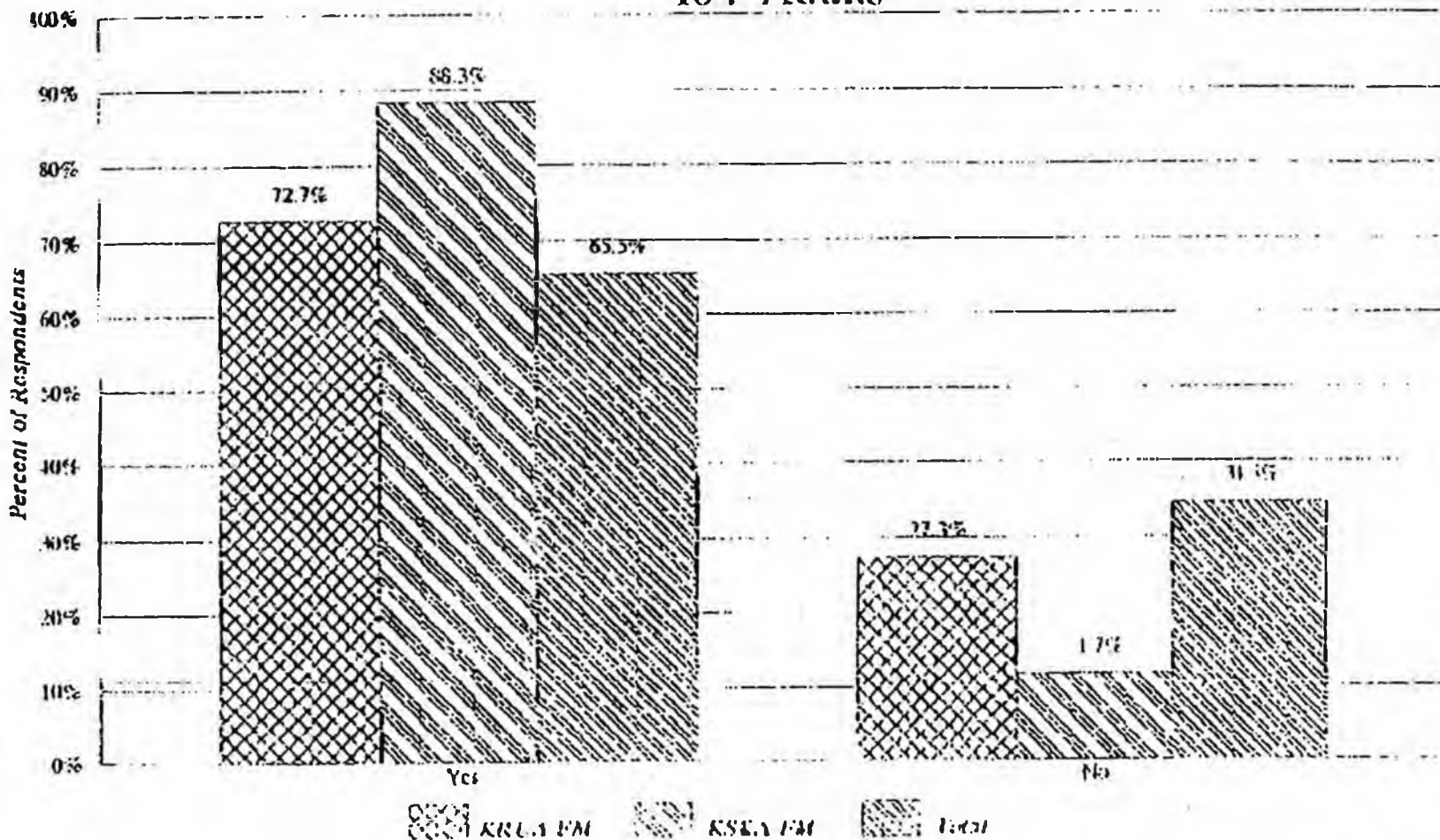
MAY 25 1994 12:33 APRIL 30 1994 11:27 FAX 285-7450

Would you support giving corporations who contribute to public radio a credit on their taxes?

* Survey Area: Anchorage, AK (SSA)

Survey Date: January 5 - March 2, 1994

18+ Adults



Reporting Requirements: Local Station

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P.275

APR 11 '94 13:17

570 F02

APR 10 '95 10:21 APRN 907-277-2776 FAX# 263-7450

2054210403 WILLIGHT RESEARCH

WILLHIGHT RESEARCH, INC.

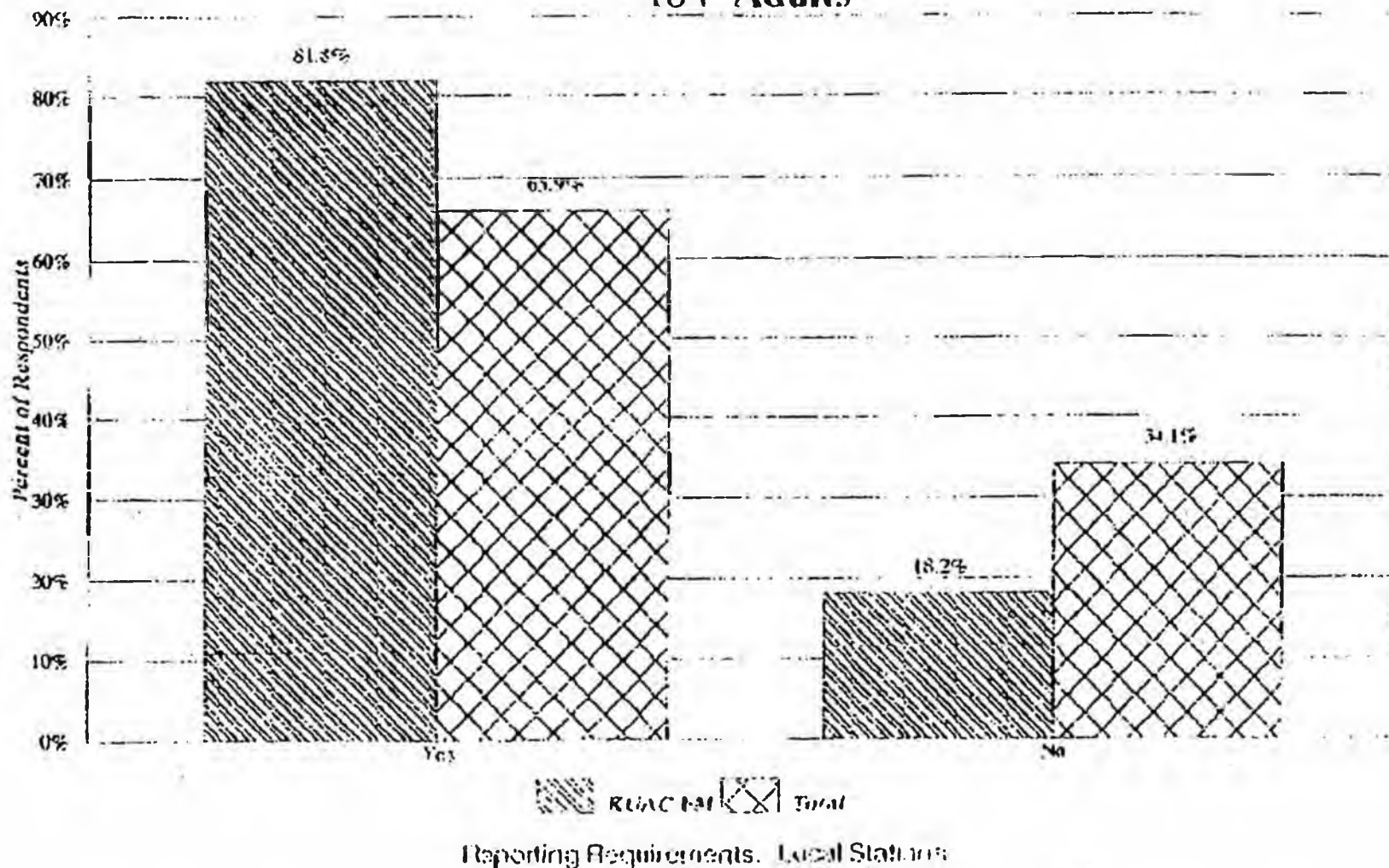
AUDIENCE MEASUREMENT SURVEYS

Would you support giving corporations who contribute to public radio a credit on their taxes?

* Survey Area: Fairbanks/North Pole & Vicinity, AK (NSSA)

Survey Date: January 6 - March 2, 1994

18+ Adults



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APR 11 1994 14:39
571 Feb
3064310602 WILLHIGHT RESEARCH

A FAX from:

Willhight Research, Inc.

2104 S.W. 152nd, Suite #4

Seattle, WA 98106

Voice: 206-431-8430 Fax: 206-431-0803

To: Diane Kaplan, APRN
FAX: 907-263-7450
From: Jim Willhight
Date: May 02, 1994 3:33 PM
Pages: 1 Pages (including cover page)

Re: **SAMPLE SIZE OF STATE OF ALASKA STUDY**

Please find a table below noting the sample size for the recently completed survey of State of Alaska residents. The sample period was from January 6th through March 2nd 1994.

The sample size was 3,921 (completed in-tabulated interviews) for persons 12+ and 3556 (in-lab) for the sample of persons 16+. We asked for qualitative and attitudinal data from 18+ persons so the sample for those data categories was 18+.

The sample was controlled both geographically (the state wide sample was broken into fifteen geographic sample units) and Demographically (for each age/ sex cell noted below).

The following are the total state samples for each age/sex cell:

	MALE	FEMALE	TOTAL
12-17	196	169	365
18-24	235	214	449
25-34	476	478	954
35-44	542	497	1039
45-49	168	149	317
50-54	145	131	276
55-64	137	122	259
65+	139	123	262
12+	2036	1883	3921
16+	1842	1714	3556
25+	1607	1500	3107
35+	1131	1022	2153
50+	421	376	797
55+	279	245	521
12-24	431	383	814
18-34	711	692	1403
18-49	1421	1338	2759
25-49	1186	1124	2310
25-54	1091	1255	2346

If transmission of this FAX fails please call for retransmission.



KCHU

Terminal Radio, Inc.

P.O. Box 467 • Valdez, Alaska 99686 • (907) 835-4665 • FAX 835-2847

April 11, 1995

The Honorable Ivan Ivan
State Capitol
Juneau, AK

Dear Representative Ivan,

I am writing in support of House Bill 269, also known as the Tax Credit Bill. As the interim general manager at KCHU public radio in Valdez, I look forward to the impacts of HB 269. Public Broadcasters across Alaska are under the gun to find new avenues of funding and become more self-sufficient. House Bill 269 will help us do just that.

On behalf of the Alaskans who depend on KCHU to provide news, information, entertainment, and a forum for public debate, I urge you to take action in support of House Bill 269.

Thank you very much for your time and your efforts.

Sincerely,

Shanna Simmons
Interim General Manager

KRBD-FM

Rainbird Community Broadcasting Corporation
123 Stedman Street
Ketchikan, Alaska 99901

907-225-9655



Representative Ivan Ivan
Alaska House of Representatives
Juneau, Alaska 99501

April 11, 1995


Dear Representative Ivan,

I want to thank you for your introduction and support of the Tax Credit bill. This measure will be a big step in the process of insuring a strong and healthy public broadcasting system in Alaska.

As you well know, public broadcasting is an essential component of Alaska life, particularly in places like the rural areas of your district and here in Southeast where stations like KRBD provide the only radio service to many outlying villages and camps.

If I, or any of my colleagues, can provide additional information about the importance of a sound public broadcasting system, please do not hesitate to call.

Sincerely,


Marty West
General Manager

LYNN CANAL BROADCASTING, INCORPORATED

KHNS-FM 102.3

Post Office Box 1109, Haines, Alaska, 99827

(907)-766-2020 / (907) 766-2022 (Fax)

April 11, 1995

Representitive Ivan M. Ivan

Fax # 907-465-4599 2278

Re: House Bill #269

Dear Rep Ivan:

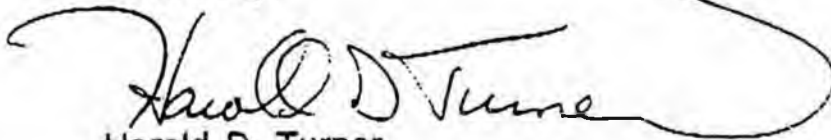
I would like to let you know that the members and directors of KHNS-FM in Haines support the tax credit bill you have submitted in the house.

We think it is very important to set up a private trust for the benefit of public broadcasting in Alaska. As I understand it, the tax credit bill allows the trust to be funded. In a few years public broadcasting will be weaned from its dependence on public funding.

When that day comes we can make better use of our time serving our listeners and not spend so much time each year lobbying for funding.

Thanks for sponsoring HB 269. This is the kind of strategic planning necessary to assure the future of public broadcasting in Alaska.

Sincerely,



Harold D. Turner
Interim Manager

KUAC
TV 9 • FM 104.7

KUAC FM/TV
University of Alaska Fairbanks
PO Box 755620
Fairbanks, Alaska USA 99775-5620
Phone (907) 474-7491
FAX (907) 474-5064

DT: 04/11/95

TO: Representative Ivan

FR: Jerry Brigham *JB*
General Manager

RE: Tax Credit Bill

I simply wanted to stress KUAC's full support for this tax credit bill. This bill has the potential to help public broadcasting in Alaska to achieve a level of independence from state government that will eventually benefit us all. Of course, KUAC is a double winner. Since it is licensed to the UA Board of Regents, the tax credit bill helps us by helping our University as well.

I wanted to testify on this bill last month, however the teleconference was cut short because all of those who had come to testify were so strongly in favor of the bill. I trust this will be the case in the Senate.

Please let me know if KUAC can be of any assistance to you in passing this important piece of legislation.

Thank you for this example of your farsighted approach to funding public broadcasting in our state.

APRN

VOICES OF ALASKA

Alaska Public Radio Network ★ 810 East Ninth Avenue ★ Anchorage, Alaska 99501-3826
Phone (907) 277-2776 ★ Fax (907) 263-7450

April 10, 1995

Representative Ivan Ivan
State Capitol
Juneau, Ak 99801

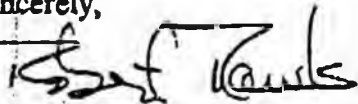
Dear Representative Ivan:

I am writing to thank you for your sponsorship of HB 269, the bill to allow tax credits for donations to public broadcasting organizations. As you know, public broadcasters have faced a steady series of cuts in state support, totaling 40% in the past decade, and now are facing devastating new cuts. HB 269 will give public broadcasters a valuable tool to seek additional private support for the significant service we provide.

The Alaska Public Radio Network has 27 members stations around the state, and is the only source of statewide news for much of rural Alaska. Alaska is the most culturally and geographically diverse state in the nation, with over 250 communities located off the road system. APRN is one of the few organizations that unify this huge state each day, with news and information about government, people and issues. The proposed budget cuts for FY96 would jeopardize this system, the best in the United States, and threaten a news blackout for rural Alaska. We cannot allow this to happen, and appreciate your support in the battle to keep Alaskans informed.

If you have any questions about APRN or public radio, please give me a call.

Sincerely,



Robert Rawls
President and CEO



Kachemak Bay Broadcasting, Inc.

**3913 Kachemak Way • Homer, AK 99603
(907) 235-7721 • Fax: (907) 235-2357**

Representative Ivan Ivan
Alaska House of Representatives
Alaska State Capitol
Juneau, Alaska 99801-1182

March 30, 1995

Dear Representative Ivan,

I'd like to take the opportunity for sponsoring House Bill 269, relating to tax credits for contributions to public broadcasting entities.

As you well know, public broadcasting funding is under attack by those who have not carefully considered the consequences of their actions. Public broadcasting provides a service that no one else will deliver. That service is delivered to all of Alaska, the urban areas as well as in your district.

HB 269 is not the entire answer to our funding problem, it surely is a big part of the answer. Many of us who support this bill understand clearly that declining state revenues will translate into declining state support for our service. We are working towards replacing those funds to secure the future of public broadcasting. The passage of this bill will get us started in that effort.

Thanks for your help, and thanks for your past and continuing support for public broadcasting.

Sincerely

Will Peterson
General Manager, KBBI



ALEUTIAN PENINSULA BROADCASTING, INC.

KSDP AM 830
P.O. Box 328
Sand Point, AK 99661
(907) 383-5737



March 30, 1995

Honorable Ivan Ivan,

KSDP Radio, members and listeners all would like to Thank you very much for introducing the house bill # 269, the tax credit bill.

We need as much support and help that we can get. Especially in rural Alaska where Public Broadcasting is a big part of the life style of the residents.

We appreciate your support.

Sincerely,

Ruth Farrens, General Manager



RAVEN RADIO
KCAW • 104.7 FM

2 B Lincoln Street • Sitka, Alaska 99835 • (907) 747-5877

FAX

March 27, 1995

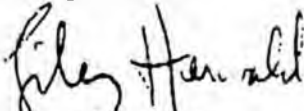
Representative Ivan Ivan
Alaska State Capital
Juneau, AK 99811

Dear Representative Ivan;

Thank you for sponsoring legislation which would allow tax credits to Public Broadcasting.

These tax credits will be a crucial factor for stations like KCAW-FM to continue to provide services with lower state support.

Respectfully,


Lily Herwald
Business Manager

Talkeetna Community Radio, Inc.

P.O. Box 300
Talkeetna, Alaska 99676

Telephone (907)-733-1700
Fax (907)-733-1700

Honorable Representative Ivan Ivan
Room 503
Alaska State Capitol Building
Juneau, Alaska
1995

March 27,

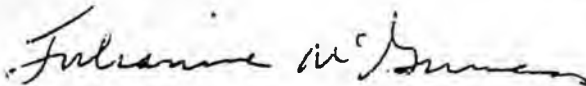
Dear Representative Ivan,

As a Public Broadcaster in a small rural Alaskan community, I strongly urge all Representatives on the House State Affairs and House Finance Committees to support House Bill Number 269 promoting legislation to allow tax credits for contributions to educational radio and television networks, stations, and endowments. In these lean fiscal times, I believe that such tax credit incentives are a logical, innovative and appropriate measure to insure that some vital educational services continue to be provided to the Alaskan public.

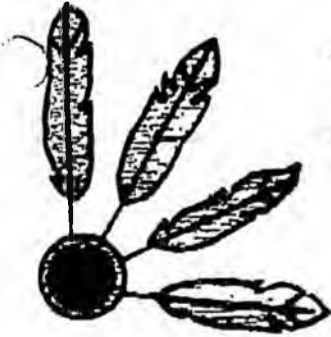
Many rural citizens who listen to educational radio in the Talkeetna, Trapper Creek, and surrounding communities also support such legislation, because their access to these services is increasingly threatened by a lean economic base and decreasing State funding.

Thank you for your support and attention to this issue.

Sincerely,



Julianne McGuinness
Station Manager
KTNA-FM



KYUK

BETHEL BROADCASTING, INC.

Pouch 468 Bethel, Alaska 99550 (907) 543-3131 Fax: 543-3130

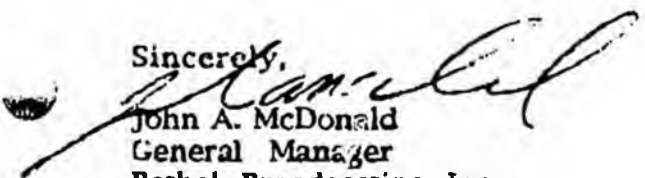
March 23, 1995

Representative Ivan Ivan
House of Representatives
State of Alaska
Juneau, AK 99811
FAX:465-2278

Dear Representative Ivan:

A quick note to give my support to HB 269, the Tax Credit bill for public broadcasting. The bill will give public broadcasting entities a tool to use to encourage corporate support of the service.
Thank you.

Sincerely,



John A. McDonald
General Manager
Bethel Broadcasting Inc.

Revision Date: _____ Dept. Affected: Revenue
 Title: Tax Credit: Gifts to Public Broadcasting BRU: Audit Operations
 Component: Income and Excise Audit
 Sponsor: Rep. Ivan, Bunde
 Requestor: (H) STA COMPONENT SERIAL NO. 113

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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: GF	0.0	(3,578.0)	(3,578.0)	(3,578.0)	(3,578.0)	(3,578.0)

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 (FY95) impact \$ 0.0

ANALYSIS: (Attach a separate page if necessary)

(See Attached Analysis)

Prepared by: Robert N. Bartholomew, Deputy Director *Robert N. Bartholomew* Phone: 465-2320
 Division: Income and Excise Audit Date: 3/24/95
 Approved by Commissioner: *[Signature]* Date: 3/24/95
 Agency: Department of Revenue

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Bill Analysis

This bill would expand Alaska education credit statutes which provide for a tax credit for contributions made to an Alaska university or college as follows:

- *Expanded Base:* Taxpayers would be allowed to claim a credit for contributions to an Alaska public radio or television network in addition to a university or college.
- *Increased Credit:* The maximum credit would increase by \$300,000, from the current \$150,000 to \$450,000.

HB 269, in its current form, does not necessarily foster the bill's intent of providing an incentive for businesses to make contributions to public radio and television networks because the bill does not segregate requirements for public radio and television network contributions from Alaska education contributions. Rather, public radio and television credit language is incorporated into existing sections for Alaska education credits and therefore, it would be at a taxpayer's discretion to pick and choose between Alaska education or public radio and television contributions. Under this bill, it is possible for a taxpayer to claim the maximum credit from contributions to only an Alaska university or college. The department recommends that the bill be amended if this result is contrary to the legislative intent.

A tax credit claimed under this bill could be applied against a taxpayer's tax liability under the following tax types: corporation income (AS 43.20), oil and gas production (AS 43.55), oil and gas property (AS 43.56), mining license (AS 43.65), and fisheries business (AS 43.75). The credit claimed under one of the tax types may not be claimed as a credit under another tax type and when combined, may not exceed \$450,000.

For income tax purposes under AS 43.20, a contribution claimed as a credit may not also be taken as a charitable contribution deduction.

For purposes of production, property, and fisheries business credits, a contribution might qualify for the credit but would not qualify as a deduction because they are not income based. A contribution that qualifies for a credit under those provisions and AS 43.65 may, however, also qualify as a deduction for the same period for income tax purposes.

The mining tax in AS 43.65 is determined by reference to the income from the mining property and the statute is silent whether both a credit and a deduction against the same tax is allowed. The Division has interpreted AS 43.65 as precluding a deduction for charitable contributions. That interpretation has been disputed and is proceeding through the administrative appeal process.

The department recommends that the bill express the legislative intent regarding whether contributions may be claimed as both credits and deductions against the same and other tax types.

This legislation would apply to tax years beginning after December 31, 1995.

Operating Costs

Department of Revenue does not anticipate any additional costs for administering the tax credit program under this bill. The Department would update its returns to allow for taxpayers to claim a credit for contributions to public radio and television networks.

Revenue

Total education credits claimed during FY 94 were approximately \$944,000. Assuming that there would be a direct correlation between credits claimed in FY 94 and the 200% rate of increase in the maximum credit allowed under this bill (from \$150,000 to \$450,000), the state would expect credits to increase by 200% or \$1,888,000.

According to data compiled from most recent reports submitted to Department of Administration's Public Broadcasting Commission, corporation contributions to public radio and television including the Alaska Public Radio Network (APRN) during the fiscal year ended June 30, 1993 were approximately \$1,690,000. Assuming that individual corporation contributions to public radio and television remain the same as for FY 93 and that corporations also make Alaska education contributions greater than \$100,000, credits under this bill would increase by \$1,690,000 (100% of \$1,690,000).

Given the assumptions above, the combined revenue impact of this bill would be a reduction in General Fund revenue of \$3,578,000 ($\$1,888,000 + \$1,690,000$).

This bill would apply to tax years beginning after December 31, 1995. Since corporation, fisheries business, and mining license taxpayers file annual returns, the first returns for which a credit could be claimed (calendar year 1996) will not be due until April 1997. Accordingly, any revenue reduction from this bill would not be realized until FY 97.