

HB

142

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 19, 1999

FURTHER REFERRALS:

Finance

Date of Committee Action: 4/10/99

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 142

HOUSE BILL NO. 142

EDUCATION CREDIT FOR FISHERY TAXES

"An Act relating to the education credit for the fisheries business tax and the fisheries resource landing tax; and providing for an effective date."

recommends it be replaced with the following committee substitute _____ the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) indeterminate
DOR

fiscal note(s) _____

zero fiscal note(s) DOR

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			

CHAIR'S SIGNATURE *[Signature]*

[Signature]

A M E N D M E N T

OFFERED IN THE HOUSE
TO: HB 142

BY REPRESENTATIVE DAVIS

- 1 Page 1, line 10, following "association":
- 2 Insert "that is recognized by the Council for Higher Education Accreditation"

- 3 Page 2, line 12, following "association":
- 4 Insert "that is recognized by the Council for Higher Education Accreditation"

Sectional Summary of HB 142

"An act relating to the education credit for the fisheries business tax and the fisheries resource landing tax."

Section 1 of the bill amends AS 43.75.018(a) by providing that certain contributions to certain public Alaska postsecondary educational or vocational institutions are allowed as credits against the fisheries business tax.

Sections 2 of the bill amends AS 43.75.018(c) to provide that each public postsecondary educational and vocational institution receiving contributions subject to AS 43.075.018 must include information on the contributions received and how the contributions were used in its annual operating budget request.

Section 3 of the bill amends AS 43.77.045(a) by providing that certain contributions to certain public Alaska postsecondary educational or vocational institutions are allowed as credits against the fisheries resource landing tax.

Section 4 of the bill amends AS 43.77.045(b) to provide that each public postsecondary educational and vocational institution receiving contributions subject to AS 43.77.045 must include information on the contributions received and how the contributions were used in its annual operating budget request.

Section 5 of the bill provides that this bill will take effect immediately under AS 01.10.070(c).

Sec. 43.75.018. Fisheries business education credit.

(a) 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 a fisheries business is allowed as a credit against the tax due under this chapter

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

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

(b) [Repealed, Sec. 12 ch 71 SLA 1991].

(c) Each public college and university shall include in its annual operating budget request contributions received and how the contributions were used.

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

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

(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, AS 43.65.018, or AS 43.77.045, exceed \$150,000.

History -

(Sec. 7 ch 58 SLA 1987; am Sec. 53 ch 21 SLA 1991; am Sec. 10 - 12 ch 71 SLA 1991; am Sec. 8 ch 21 SLA 1994; am Sec. 21 ch 126 SLA 1994; am Sec. 20 ch 81 SLA 1996)

Revisors Notes -

In 1991, to harmonize the amendments made by chs. 21 and 71, SLA 1991, the words "by an Alaska" were inserted before "university foundation" in (a) of this section.

Cross References -

For statement of legislative purpose in connection with the enactment of this section, see Sec. 1, ch. 58, SLA 1987 in the Temporary and Special Acts.

For legislative findings, intent, and purpose relating to the amendment of subsection (d) by ch. 81, SLA 1996, see Sec. 1, ch. 81, SLA 1996 in the Temporary and Special Acts.

Amendment Notes -

The first 1991 amendment, effective June 11, 1991, in subsection (a), added "or university foundation" to the end of the first sentence.

The second 1991 amendment, effective January 1, 1992, rewrote subsection (a), repealed subsection (b), and added subsection (d).

The first 1994 amendment, effective May 6, 1994, inserted a section reference in paragraph (d)(2).

The second 1994 amendment, effective July 1, 1994, deleted the former first sentence in subsection (c), relating to the annual departmental report on the credits taken under this section.

The 1996 amendment, effective June 21, 1996, in paragraph (d)(2), inserted a section reference and made related stylistic changes.

Editors Notes -

Section 9, ch. 21, SLA 1994 makes the 1994 amendment to (d) of this section retroactive to January 1, 1994.

Section 29, ch. 81, SLA 1996 makes the 1996 amendment of subsection (d) retroactive to January 1, 1994.

Sec. 43.77.045. Fisheries resource landing tax education credit.

(a) In addition to the credit allowed under AS 43.77.040, 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 a floating fisheries business is allowed as a credit against the tax due under this chapter

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

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

(b) Each public college and university shall include in its annual operating budget required contributions received and how the contributions were used.

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

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

(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, AS 43.65.018, or AS 43.75.018, exceed \$150,000.

History -

(Sec. 23 ch 81 SLA 1996)

Cross References -

For legislative findings, intent, and purpose relating to the enactment of this section by ch. 81, SLA 1996, see Sec. 1, ch. 81, SLA 1996 in the Temporary and Special Acts.

Effective Date Notes -

Section 30, ch. 81, SLA 1996 makes this section effective June 21, 1996, in accordance with AS 01.10.070(c).

Editors Notes -

Section 29, ch. 81, SLA 1996 makes the 1996 enactment of this section retroactive to January 1, 1994.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 142

Revision Date/Time (Note if correction) April 6, 1999 Dept. Affected Revenue
 Title Education Credit for Fishery Taxes BRU Revenue Operations
 Component Income and Excise Audit
 Sponsor Representative Davis
 Requester HESS Component Serial No. 113

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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 (decrease)	**	**	**	**	**	**
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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 (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

** see attached analysis

Prepared by Brett Fried, Economist Phone 465-3682
 Division Income and Excise Audit Date/Time April 6, 1999
 Approved by Wilson L. Condon Date April 6, 1999
 Commissioner
 Agency Department of Revenue

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ALASKA DEPARTMENT OF REVENUE
Income and Excise Audit Division

Education Credit for Fishery Taxes
HB 124
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BILL ANALYSIS

Section 1 broadens qualifications for credits against the fisheries business tax (AS 43.75.018) to include contributions made to public nationally accredited Alaska postsecondary educational or vocational institutions. Currently, only contributions made to regionally accredited universities or colleges qualify.

Section 2 directs postsecondary educational or vocational institutions to include the amount of contributions received under section 1, and how they were used, in their annual operating budget request.

Section 3 broadens qualifications for credits against the fisheries resource landing tax (AS 43.77.045) to include contributions made to public nationally accredited Alaska postsecondary educational or vocational institutions. Currently, only contributions made to regionally accredited universities or colleges qualify.

Section 4 directs postsecondary educational or vocational institutions to include the amount of contributions received under section 2, and how they were used, in their annual operating budget request.

Section 5 provides for an immediate effective date.

OPERATING EXPENDITURES

The Department of Revenue does not anticipate additional costs for administering the provisions of this bill.

REVENUE

The attached analysis discusses possible revenue reductions from credits taken under this bill.

ISSUES OF CONCERN

The number of institutions that would qualify depends on how "public" and "nationally accredited" are defined.

Alaska Department of Revenue
Income and Excise Audit Division

Education Credit for Fishery Taxes

HB 142

April 6, 1999

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Analysis of SB 241

	FY 96-98	FY 96-98	
	ALL TAX	FISHERIES	PERC.
	TYPES	TAXES	Total
Credits Claimed*	\$7,218,379	\$397,104	5.5%
Contributions*	\$10,162,356	\$574,206	5.7%
Number of Taxpayers	55	8	14.5%

* Maximum qualifying contribution per taxpayer is \$200,000, maximum credit is \$150,000 (first \$100,000 contribution is 50% credit; next \$100,000 is 100% credit)

Current Credit Program

Regionally accredited institutions in Alaska

University of Alaska

Alaska Pacific University

Sheldon Jackson College

Amended Credit Program would add the following institution:

Nationally accredited public institutions in Alaska

Alaska Vocational Technical Center

This analysis assumes that "public" does not include religiously affiliated or for-profit schools and "nationally accredited" refers to "accredited by a national accreditation association recognized by the Secretary of Education of the U.S. Dept. of Education."

Revenue Loss

Although it is impossible to know how adding AVTEC to the list of qualifying institutions will affect the amount of education credits, AVTEC's emphasis on "market driven education in response to the needs of Alaska business and industry"* could translate into a doubling of current qualifying fish tax contributions. Currently, contributions that qualify for credits under the fisheries business and fishery resource landing tax are approximately \$200,000 year.

* Quote from message on AVTEC's web site from Director Fred W. Esposito.



STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF EDUCATION

ALASKA VOCATIONAL TECHNICAL CENTER

P.O. Box 889 • 809 Second Ave. • Seward, Alaska 99664
Phone: (907) 224-3322 Fax: (907) 224-3380



February 16, 1999

Representative Gary Davis
State Capital
Room 513
Juneau, Alaska 99801

Dear Representative Davis:

In the last two years AVTEC has returned \$140,000.00 donated for training purposes by Yukon Delta Fisheries Development Association and their partner, Golden Age Fisheries. The funds were donated as a result of the Fisheries Resource Landing Tax Credit statute.

The Alaska Department of Revenue has disqualified the donations based on the wording of AS 43.77.045 which states that the institution receiving the donation must be "a non-profit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association".

AVTEC has national rather than regional accreditation and is not a two-year or four-year college. The problem could be solved by amending sec. 43.77.045 to read "a non-profit, public or private, Alaska two-year or four-year college (or a public postsecondary institution accredited by a regional or national accreditation association) accredited by a regional accreditation association." The section in parentheses being added and the underlined part deleted.

Your assistance in correcting this oversight would be greatly appreciated. Should you need further explanation please don't hesitate to call. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Fred W. Esposito".

Fred Esposito
Director, AVTEC

cc: Beth Lape
Special Assistant, DOE

AVTEC Statewide Advisory
Board Members

Additional Information



ALASKA STATE LEGISLATURE

REPRESENTATIVE GARY DAVIS

HOUSE BILL 142 SPONSOR STATEMENT

"An act relating to the education credit for the fisheries business tax and the fisheries resource landing tax; and providing for an effective date."

Under Alaska statutes, some fisheries businesses may receive a tax credit by making cash contributions to educational institutions. Floating fisheries businesses receive the credit against the fisheries resource landing tax and processors receive the tax credit against the fisheries business tax. These cash contributions benefit both the recipients and donors. The recipients benefit from additional monies for education—especially important in these times of declining revenue dollars. Donors benefit because they can target organizations that are vital to their operations and receive a tax credit. The contributions are applied as a credit against the tax due.

Currently only regionally accredited, two-year or four-year, public or private, institutions can receive these cash contributions. HB 142 proposes amendments to AS 43.77.045 the fisheries resource landing tax education credit and AS 43.75.018 the fisheries business education credit. The bill extends the ability to receive donations to nationally or regionally accredited vocational institutions such as AVTEC. The Alaska Department of Revenue disqualified \$140,000 in donations to AVTEC in the past two years because of the wording in the current statute. This bill would remedy this problem and allow for additional revenue sources for postsecondary institutions.