

HB

371

STATE OF ALASKA

DEPARTMENT OF MILITARY & VETERANS AFFAIRS
OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 5800

FT. RICHARDSON, AK 99505-5800

PH: (907) 428-6003

April 5, 2002

The Honorable John Coghill, Chair
House State Affairs Committee
State Capitol, Room 101
Juneau, AK 99801

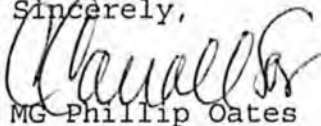
Dear Representative Coghill:

The Department of Military and Veterans Affairs respectfully requests a hearing on HB 371 "An Act establishing the Alaska veterans' memorial endowment fund and providing for credits against certain taxes for contributions to that fund; relating to other tax credits for certain contributions; and proving for an effective date."

The bill sets up a fund to provide maintenance or construction of Veterans' memorials or monuments. It also allows a credit against state taxes to businesses that contribute to the fund.

If I can provide further information please call me, Laddie Shaw, 428-6068 or Carol Carroll, 465-4730. I look forward to working with you on this bill.

Sincerely,



MG Phillip Oates
Commissioner

TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB 370
P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532
www.gov.state.ak.us

January 29, 2002

The Honorable Brian Porter
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Speaker Porter:

Alaska has the highest per capita percentage of veterans of any state in the nation. We must send the clear message that our state recognizes and appreciates those who have served. This bill I am transmitting is one in a package of legislation I am introducing this year to offer tribute to our veterans. It continues the state's history of authorizing bonds for guaranteed veteran housing loans.

The State of Alaska is one of only five states that receives favorable treatment under the Internal Revenue Code for guaranteed veterans bonds. This program is designed to provide the lowest possible interest rates to our veterans, without any income limitations.

The accompanying bill is the first step in allowing the state to continue to take advantage of this worthwhile program. It would provide for a statewide vote at the next general election on authorizing \$500 million in Alaska Housing Finance Corporation (AHFC) bonds for qualifying veterans. This would be the fifth such bond approval; the voters authorized a total of \$2.2 billion in state-guaranteed AHFC veterans bonds in four separate elections between 1982 and 1986. The AHFC has issued nearly all of those bonds, requiring a new authorization.

The need for continuing this guaranteed housing loan program for veterans may well increase. Congress is considering expanding the current Internal Revenue Service Code definition of "qualified veterans," which now limits participants to those who served in the military before January 1, 1977 and were honorably discharged within the last 30 years. I support extending the program to veterans who have served in more recent years. If this effort succeeds, the veteran's mortgage program in this state would see a dramatic increase in home loans to qualifying individuals -- all the more reason to allow this question to be placed on the statewide ballot.

Sincerely,

Handwritten signature of Tony Knowles in black ink.
Tony Knowles
Governor

Bill History/Action Display



BILL: HB 370

SHORT TITLE: GUARANTEED REVENUE BONDS FOR VETERANS

BILL VERSION:

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

CURRENT STATUS: (H) STA
THEN FIN

STATUS DATE: 02/20/02

TITLE: "An Act relating to the issuance of state-guaranteed revenue bonds by the Alaska Housing Finance Corporation to finance mortgages for qualifying veterans; and providing for an effective date."

[Full Text](#)

[Fiscal Notes](#)

Committee Action with Bill History

Jrn-Date	Jrn-Page	Action
02/01/02	2117	(H) READ THE FIRST TIME - REFERRALS
02/01/02	2117	(H) MLV, STA, FIN
02/01/02	2117	(H) FN1: ZERO(REV)
02/01/02	2117	(H) FN2: (GOV)
02/01/02	2117	(H) GOVERNOR'S TRANSMITTAL LETTER
02/20/02	2337	(H) MLV RPT 4DP
02/20/02	2337	(H) DP: GREEN, MURKOWSKI, HAYES, CHENAULT
02/20/02	2337	(H) FN1: ZERO(REV)
02/20/02	2337	(H) FN2: (GOV)
02/20/02	2337	(H) REFERRED TO STATE AFFAIRS

[Similar Subject Match](#) or [Exact Subject Match](#)

[BONDS & BONDING](#)

[HOUSING](#)

[VETERANS](#)

Bill Root: _____

[Display Bill Root](#)



[TO REPORT PROBLEMS WITH BASIS INQUIRY](#)

[LIVE KTOO STREAMS](#)



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[Return to Legislature Home Page](#)

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 370
 (H) Publish Date: 2/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: GOV
 Title An Act relating to the issuance of BRU Elections
revenue bonds by AHFC for veteran mortgages Component Elections
 Sponsor Rules
 Requester Governor Component No. 21

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	1.5					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF	1.5					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	1.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 This figure includes the cost of providing information about this issue in the Official Election Pamphlet, as required by AS 15.58. If this measure requires the printing an 8-1/2 by 18 inch ballot, the cost will increase by \$22.0.

Prepared by: Gail Fenumiai, Election Programs Specialist Phone: 465-3935
 Division: Division of Elections Date/Time: 11/20/01 3:36 PM
 Approved by: Lieutenant Governor Fran Ulmer Date: 11/20/2001
 Agency: Office of the Lieutenant Governor

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 370
 (H) Publish Date: 2/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Authorizing a public vote on state-guaranteed BRU Alaska Housing Finance Corp
veterans mortgage bonds Component Operations
 Sponsor Rules Committee
 Requester Governor Component No. 110

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

This legislation authorizes a statewide public vote on \$500 million in revenue bonds to finance the Veterans Mortgage Program (VMP). Alaska is one of five states in the nation that established this program under the federal tax code. AHFC administers the program on behalf of the state.

Costs associated with the issuance of these bonds are anticipated to be covered with annual operating budget authorizations. Anticipated costs will be related to voter information dissemination about the bonds and the program. No additional budget authorization is necessary for these activities.

If approved by voters, bond issuances in the future will be done based on loan demand.

Prepared by: John Bitney, Legislative Liaison Phone 330-8445
 Division AHFC Date/Time 1/29/02 1:32 PM
 Approved by: Larry Persily, Deputy Commissioner Date 01/29/2002
 Agency Department of Revenue

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4300 Boniface Parkway
Anchorage, Alaska 99504
907-338-6100
907-338-9218 fax
Mailing Address:
PO Box 101020
Anchorage, Alaska 99510-1020

To: Rep. John Coghill Fax: _____
 From: John Bitney Date: 4/5
 Re: HB370 Pages: 6
 CC: _____

Urgent For Review Please Comment Please Reply Please Recycle

Following is letter & some
backup material for HB370.

If more is needed, please call
me @ 330.8445.

I will be in Juneau next week
if time can be scheduled for a
hearing. Thank you!

John Bitney



Headquarters
4300 Boniface Parkway
Anchorage, Alaska
907-338-6100

Mailing Address
PO Box 101020
Anchorage, AK 99510-1020

Internet Web Site
<http://www.ahfc.state.ak.us>

April 4, 2002

Representative John Coghill, Chairman
House State Affairs Committee
State Capitol Building
Juneau, Alaska

In Re: HB370, Authorization for Veteran Mortgage Revenue Bonds

Dear Representative Coghill:

This letter is to both request your consideration for hearing HB370, an Act authorizing state-guaranteed bonds for the Veteran's Mortgage Program, and also to provide some background information regarding the program.

HB 370 provides for a vote of the people at the next general election on the question of the State authorizing the guarantee of \$500,000,000 of Alaska Housing Finance Corporation bonds for qualifying veterans. A total amount of \$2,200,000 of State-guaranteed veterans bonds has been authorized to be issued by the Corporation by four state-wide voted bond propositions. The affirmative state-wide votes for these bond propositions occurred in 1982, 1983, 1984, and 1986.

Although the bonds are general obligations of the State of Alaska which must be voted, the issuance of the bonds has not affected the State's credit in any way. The rating agencies consider that for practical purposes these are not to be counted against the State's bond capacity because the bonds are fully supported by mortgages of the Corporation. These mortgages are largely guaranteed by federal agencies, such as the Veterans Administration.

AHFC, in fact, is closing on a \$50,000,000 Veterans Mortgage Bond sale over the next two days. These bonds achieved a triple A rating. A copy of the rating provided by Moody's Investor Services is being sent with this letter.

Bonds under this program provide funds for low-interest home loans to qualified veterans. A qualified veteran is someone who has served in active duty prior to January 1, 1977 and not have been discharged more than 30 years prior to the date of loan application.



"HOUSING FOR ALASKANS"

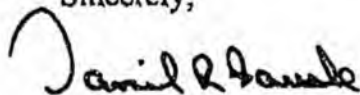


Alaska receives favorable treatment under the Internal Revenue Code since it issued guaranteed veterans bonds between January 1, 1979 and June 22, 1984 in large amounts. Annual issuance of the average of those years is permitted under the Code. However, because of the limitations on the qualifications for veterans, fewer and fewer loans are made each year as number of qualified veterans diminishes.

Unless Congress acts to extend the qualifications for veterans to men and women who have served in more recent years, it is anticipated that the authorization for bonds in HB 370 will be the last request for this program. I would note that SJR 31 is currently referred to the House State Affairs Committee, and would request Congress to extend the benefits of this program to veterans who have served in recent years.

I hope this description provides a sufficient summary for considering a hearing on the legislation. If any further information is needed, please do not hesitate to contact me immediately.

Sincerely,



Daniel R. Fauske, CEO/Executive Director
Alaska Housing Finance Corporation

enclosures

jbitney

From: Dan Fauske [dfauske@ahfc.state.ak.us]
Sent: Wednesday, April 03, 2002 11:36 AM
To: 'JOHN BITNEY'
Subject: FW: Alaska Housing Finance Corporation

-----Original Message-----

From: Moody's Investors Service [mailto:epi@moodys.com]
Sent: Tuesday, March 19, 2002 1:30 PM
To: dfauske@ahfc.state.ak.us
Subject: Alaska Housing Finance Corporation

MOODY'S ASSIGNS Aaa RATING TO \$50 MILLION ALASKA HOUSING FINANCE CORPORATION
 COLLATERALIZED BONDS 2002 FIRST SERIES (VETERANS MORTGAGE PROGRAM)

NEW YORK, March 19, 2002 -- Moody's Investors Service has assigned the rating of Aaa to the \$50 million Alaska Housing Finance Corporation Collateralized Bonds, 2002 First Series (Veterans Mortgage Program). This rating reflects Moody's view of the strong financial condition of the bond program and the Corporation, and the sound loan portfolio. Proceeds from the current bond issue will be used to fund single-family mortgage loans for veterans in the State of Alaska. The 2002 Bonds are General Obligations of AHFC and the State of Alaska and will be primarily secured by single-family residential mortgage loans that are either guaranteed by the Department of Veterans Affairs or Rural Housing Service or insured by the Federal Housing Administration or private mortgage insurance. The bonds are the third issuance under the Corporation's trust indenture dated October 1, 1999 and are on parity with approximately \$180 million in outstanding bonds. The outlook for the bond program is stable.

Moody's believes that the program's strong initial financial position is expected to be maintained due to large infusions of Corporation funds. The Corporation will fund a 2% debt service reserve and a minimum 10.7% overcollateralization reserve (OCR) for this issue from unrestricted funds of the Corporation. These contributions bring the effective program asset-to-debt ratio up to 1.127, an amount sufficiently high to allow the program to absorb significant losses due to loan defaults. While the earnings of the OCR are not required to be retained within the program, the investment income derived from the debt service reserve contribution coupled with loan revenues should allow the program financial position to experience sound growth throughout its life.

We also find additional strength in this bond program derived from the Aa2 rated general obligation pledge of the Corporation. The Corporation's financial profile is amongst the strongest of all state housing agencies nationwide and Moody's expects it to remain so for the near future. The Corporation's \$1.7 billion combined fund balance as a percent of bonds outstanding is currently 57.24%. Consistent net revenue strength over the past

few years particularly within the general account have allowed the Corporation to continue this strong growth path notwithstanding some other outstanding risks to fiscal stability.

The Corporation's large and diverse management staff provides a sound base to manage its \$4.7 billion of assets. At approximately 310 staff members, among the largest nationwide, the Corporation is fully capable of managing the risks inherent in running a housing agency. Of particular note, the Corporation employs a separate Internal Audit department to maintain additional oversight of asset and financial management. Additionally, Corporation staff publishes high quality and detailed disclosure for investment surveillance providing greater insight into Corporation operations.

Moody's has determined that the likely combination of insured, guaranteed and low loan-to-value (LTV) loans in the portfolio provides a sound asset base for the program's future performance. As of December 31, 2001, 50% of the previous veterans programs loans have been covered by federal guarantees from the Veterans Administration, providing a secure barrier from excessive losses due to loan defaults. An additional 23% of the portfolios are uninsured loans with LTV's below 80% mitigating the potential for large loan losses. The remainder of the loans are divided between high quality private mortgage insurers (20%) and the Federal Housing Administration Insurance (7%). In light of past Veterans Programs of the Corporation, it is expected that the remaining loans to be originated under this specific program shall retain a similar composition.

The bonds are also guaranteed by the State of Alaska, which is currently rated Aa2. However, the current Aaa rating assignment on the 2002 bonds is independent of this guarantee.

The Alaska Housing Finance Corporation is a non-stock, public corporation and government instrumentality of the State of Alaska established for the purpose of providing residential mortgage loan financing for individuals of low to moderate income. As of June 30, 2001, the Corporation had \$3.0 billion of debt outstanding, nearly all of which is rated by Moody's.

OUTLOOK:

The outlook for the program and the Corporation general obligation rating is currently stable.

Key Facts (As of June 30, 2001):

Type of Obligation: General Obligation of the Corporation

Parity bonds outstanding: \$180 million

Corporation combined fund balance: \$1.7 billion

Corporation combined fund balance as a % of bonds outstanding: 57.2%

Corporation unrestricted general account balance: \$537.4 million

Corporation unrestricted general account balance as a % of bonds
outstanding:
17.8%

Corporation net operating revenue as a % of gross operating revenue: 27.37%

ANALYSTS:

Paul Nolan, Analyst, Public Finance Group, Moody's Investors Service
Florence Zeman, Backup Analyst, Public Finance Group, Moody's Investors
Service

CONTACTS:

Journalists: (212) 553-0376
Research Clients: (212) 553-1625

To:
2029

AMENDMENT

(From Barbara -
phone # 3727)

OFFERED IN THE HOUSE STATE AFFAIRS
BY REPRESENTATIVE JAMES

TO: CSHB 371(STA) Version "C"

1 Page 1, Line 1:

2 After the words "endowment fund", Delete:

3 "providing for credits against certain taxes for contributions to that fund; providing that

4 the amount of each tax credit for contributions to the Alaska veterans' memorial

5 endowment fund on amounts that do not exceed \$100,000 is 50 percent and on amounts

6 that exceed \$100,000 but do not exceed \$200,000 is 75 percent; relating to other tax

7 credits for certain contributions;"

8

9 Page 1, Line 8, after the term "***Section 1.**"

10 Delete all language from "AS 21.89.070(c) through Page 3, line 1.

11

12 Page 3, line 2:

13 Delete "***Sec. 4.**"

14

15 Page 4, line 13:

16 Delete all language beginning with line 13 through page 9, line 12.

17

18 Page 9., Line 13:

19 Delete: "***Sec. 17.**"

20 Insert: "***Sec. 2.**"

21 Page 9, line 20:

22 Delete: "sec. 4"

23 Insert: "sec. 1

24

25 Page 10, Line 1:

26 Delete: **"*Sec. 18."**

27 Insert: **"*Sec. 3."**

The intent of this amendment is to eliminate taxpayer credit provisions of the bill.

AMENDMENT

#1

*Adopted
Unanimously.*

OFFERED IN THE HOUSE STATE AFFAIRS
BY REPRESENTATIVE JAMES

TO: CSHB 371(STA) Version "C"

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3 "providing for credits against certain taxes for contributions to that fund; providing that
4 the amount of each tax credit for contributions to the Alaska veterans' memorial
5 endowment fund on amounts that do not exceed \$100,000 is 50 percent and on amounts
6 that exceed \$100,000 but do not exceed \$200,000 is 75 percent; relating to other tax
7 credits for certain contributions;"

8

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10 Delete all language from "AS 21.89.070(c) through Page 3, line 1.

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12 Page 3, line 2:

13 Delete "***Sec. 4.**"

14

15 Page 4, line 13:

16 Delete all language beginning with line 13 through page 9, line 12.

17

18 Page 9., Line 13:

19 Delete: "***Sec. 17.**"

20 Insert: "***Sec. 2.**"

21 Page 9, line 20:

22 Delete: "sec. 4"

23 Insert: "sec. 1

24

25 Page 10, Line 1:

26 Delete: "*Sec. 18."

27 Insert: "*Sec. 3."

The intent of this amendment is to eliminate taxpayer credit provisions of the bill.

22-GH2003\C
Cook
5/7/02

CS FOR HOUSE BILL NO. 371(STA)

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - SECOND SESSION**

BY THE HOUSE STATE AFFAIRS COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska veterans' memorial endowment fund and providing for**
2 **credits against certain taxes for contributions to that fund; providing that the amount of**
3 **each tax credit for contributions to the Alaska veterans' memorial endowment fund on**
4 **amounts that do not exceed \$100,000 is 50 percent and on amounts that exceed \$100,000**
5 **but do not exceed \$200,000 is 75 percent; relating to other tax credits for certain**
6 **contributions; and providing for an effective date."**

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

8 *** Section 1. AS 21.89.070(c) is amended to read:**

- 9 (c) A contribution claimed as a credit under this section may not
- 10 (1) be claimed as a credit under more than one provision of this title;
- 11 and
- 12 (2) when combined with credits taken during the taxpayer's tax year
- 13 under AS 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021,

1 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR]
2 AS 43.77.045, or 43.77.046, exceed \$150,000.

3 * **Sec. 2.** AS 21.89 is amended by adding a new section to read:

4 **Sec. 21.89.071. Insurance tax credit for gifts to Alaska veterans' memorial**
5 **endowment fund.** (a) A taxpayer is allowed a credit against the tax due under
6 AS 21.09.210 or AS 21.66.110 for cash contributions that are accepted for the Alaska
7 veterans' memorial endowment fund established in AS 37.14.700. The amount of the
8 credit is the lesser of

9 (1) an amount equal to

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

11 (B) 75 percent of the next \$100,000 of contributions; or

12 (2) 50 percent of the taxpayer's tax liability under this title.

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

14 (1) be claimed as a credit under more than one provision of this title;

15 and

16 (2) when combined with credits taken during the taxpayer's tax year
17 under AS 21.89.070, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021,
18 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019,
19 AS 43.77.045, or 43.77.046, exceed \$150,000.

20 (c) A taxpayer may not claim the tax credit allowed under this section if the
21 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
22 this title or AS 43. For purposes of this subsection, a taxpayer is not in arrears if the
23 payment is under administrative or judicial appeal.

24 * **Sec. 3.** AS 21.89.075(c) is amended to read:

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

26 (1) be claimed as a credit under more than one provision of this title;

27 (2) when combined with credits taken during the taxpayer's tax year
28 under AS 21.89.070, 21.89.071, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021,
29 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR]
30 AS 43.77.045, or 43.77.046, exceed \$150,000; or

31 (3) be claimed as a credit unless the contribution qualifies for the credit

1 under (d) of this section.

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

3 **Article 8. Alaska Veterans' Memorial Endowment Fund.**

4 **Sec. 37.14.700. Alaska veterans' memorial endowment fund established.**

5 (a) The Alaska veterans' memorial endowment fund is established as a separate
6 endowment trust fund of the state. The fund consists of

- 7 (1) appropriations to the fund;
8 (2) donations to the fund; and
9 (3) income earned on investments of fund assets.

10 (b) The commissioner of revenue shall manage the fund as an endowment,
11 with the goal that the purchasing power of the fund will not diminish over time
12 without regard to additional contributions that may be made to the fund. The
13 commissioner shall invest the assets of the fund in a manner likely to yield at least a
14 five percent real rate of return over time.

15 (c) Nothing in this section creates a dedicated fund.

16 **Sec. 37.14.720. Powers and duties of the commissioner of revenue.** In
17 carrying out the investment duties under AS 37.14.700 - 37.14.740, the commissioner
18 of revenue has the powers and duties set out in AS 37.10.071. The commissioner shall
19 provide reports to the adjutant general of the Department of Military and Veterans'
20 Affairs on the condition and investment performance of the fund.

21 **Sec. 37.14.730. Use of fund.** (a) As soon as practicable after July 1 of each
22 year, the commissioner of revenue shall determine the average month-end market
23 value of the fund for the immediately preceding three fiscal years. The commissioner
24 shall identify five percent of that amount as available for appropriation by the
25 legislature for uses described in (b) of this section.

26 (b) Appropriations of the amount identified in (a) of this section may be used
27 for the following purposes:

- 28 (1) grants for the maintenance, repair, replacement, and enhancement
29 of, or addition to, veterans' memorials or monuments to the military;
30 (2) grants for the development and construction of new veterans'
31 memorials or monuments to the military if the adjutant general determines that the

1 purposes set out in (1) of this subsection have been met in a fiscal year;

2 (3) reimbursement of the costs of establishment, management, and
3 administration of the fund.

4 (c) After consultation with appropriate veterans' organizations, the adjutant
5 general of the Department of Military and Veterans' Affairs shall administer the grant
6 program and award grants from the money appropriated from the fund. The adjutant
7 general may adopt regulations under AS 44.62 (Administrative Procedure Act) to
8 establish procedures and standards to administer the grant program and for the award
9 of grants. The standards may include requirements for recipients to match grant
10 awards, if appropriate.

11 **Sec. 37.14.740. Definition.** In AS 37.14.700 - 37.14.740, "fund" means the
12 Alaska veterans' memorial endowment fund established in AS 37.14.700.

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

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

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

16 (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax
17 imposed by this chapter; and

18 (3) when combined with credits taken during the taxpayer's tax year
19 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.018, AS 43.55.019, 43.55.021,
20 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR]
21 AS 43.77.045, or 43.77.046, exceed \$150,000.

22 * **Sec. 6.** AS 43.20 is amended by adding a new section to read:

23 **Sec. 43.20.018. Alaska veterans' memorial endowment fund contribution**
24 **credit.** (a) For cash contributions accepted for the Alaska veterans' memorial
25 endowment fund established in AS 37.14.700, a taxpayer is allowed as a credit against
26 the tax due under this chapter

27 (1) 50 percent of contributions of not more than \$100,000; and

28 (2) 75 percent of the next \$100,000 of contributions.

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

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

31 (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax

1 imposed by this chapter; and

2 (3) when combined with credits taken during the taxpayer's tax year
3 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, AS 43.55.019, 43.55.021,
4 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019,
5 AS 43.77.045, or 43.77.046, exceed \$150,000.

6 (c) A taxpayer may not claim the tax credit allowed under this section if the
7 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
8 this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the
9 payment is under administrative or judicial appeal.

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

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

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

13 (2) when combined with credits taken during the taxpayer's tax year
14 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.021,
15 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR]
16 AS 43.77.045, or 43.77.046, exceed \$150,000.

17 * Sec. 8. AS 43.55 is amended by adding a new section to read:

18 **Sec. 43.55.021. Alaska veterans' memorial endowment fund contribution**
19 **credit.** (a) For cash contributions accepted for the Alaska veterans' memorial
20 endowment fund established in AS 37.14.700, a producer of oil or gas is allowed as a
21 credit against the tax due under this chapter

22 (1) 50 percent of contributions of not more than \$100,000; and

23 (2) 75 percent of the next \$100,000 of contributions.

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

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

26 (2) when combined with credits taken during the taxpayer's tax year
27 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
28 AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019,
29 AS 43.77.045, or 43.77.046, exceed \$150,000.

30 (c) A taxpayer may not claim the tax credit allowed under this section if the
31 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under

1 this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the
2 payment is under administrative or judicial appeal.

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

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

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

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

9 (2) when combined with credits taken during the taxpayer's tax year
10 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
11 43.55.021, AS 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, [OR]
12 AS 43.77.045, or 43.77.046, exceed \$150,000.

13 * Sec. 10. AS 43.56 is amended by adding a new section to read:

14 **Sec. 43.56.019. Alaska veterans' memorial endowment fund contribution**
15 **credit.** (a) For cash contributions accepted for the Alaska veterans' memorial
16 endowment fund established in AS 37.14.700, the owner of property taxable under this
17 chapter is allowed as a credit against the tax due under this chapter

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

19 (2) 75 percent of the next \$100,000 of contributions.

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

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

22 (2) when combined with credits taken during the taxpayer's tax year
23 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
24 43.55.021, AS 43.56.018, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019,
25 AS 43.77.045, or 43.77.046, exceed \$150,000.

26 (c) A taxpayer may not claim the tax credit allowed under this section if the
27 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
28 this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the
29 payment is under administrative or judicial appeal.

30 (d) The department may, by regulation, establish procedures by which a
31 taxpayer may allocate a pro rata share of a credit claimed under this section against

1 monthly tax payments made during the tax year.

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

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

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

5 (2) when combined with credits taken during the taxpayer's tax year
6 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
7 43.55.021, AS 43.56.018, 43.56.019, 43.65.019, AS 43.75.018, 43.75.019, [OR]
8 AS 43.77.045, 43.77.046, exceed \$150,000.

9 * Sec. 12. AS 43.65 is amended by adding a new section to read:

10 **Sec. 43.65.019. Alaska veterans' memorial endowment fund contribution**
11 **credit.** (a) For cash contributions accepted for the Alaska veterans' memorial
12 endowment fund established in AS 37.14.700, a person engaged in the business of
13 mining in the state is allowed as a credit against the tax due under this chapter

14 (1) 50 percent of contributions of not more than \$100,000; and

15 (2) 75 percent of the next \$100,000 of contributions.

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

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

18 (2) when combined with credits taken during the taxpayer's tax year
19 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
20 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, AS 43.75.018, 43.75.019,
21 AS 43.77.045, or 43.77.046, exceed \$150,000.

22 (c) A taxpayer may not claim the tax credit allowed under this section if the
23 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
24 this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the
25 payment is under administrative or judicial appeal.

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

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

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

29 (2) when combined with credits taken during the taxpayer's tax year
30 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
31 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.019, [OR]

1 AS 43.77.045, or 43.77.046, exceed \$150,000.

2 * Sec. 14. AS 43.75 is amended by adding a new section to read:

3 **Sec. 43.75.019. Alaska veterans' memorial endowment fund contribution**
4 **credit.** (a) For cash contributions accepted for the Alaska veterans' memorial
5 endowment fund established in AS 37.14.700, a person engaged in a fisheries business
6 is allowed as a credit against the tax due under this chapter

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

8 (2) 75 percent of the next \$100,000 of contributions.

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

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

11 (2) when combined with credits taken during the taxpayer's tax year
12 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
13 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018,
14 AS 43.77.045, or 43.77.046, exceed \$150,000.

15 (c) A taxpayer may not claim the tax credit allowed under this section if the
16 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
17 this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the
18 payment is under administrative or judicial appeal.

19 * Sec. 15. AS 43.77.045(c) is amended to read:

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

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

22 (2) when combined with credits taken during the taxpayer's tax year
23 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
24 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, [OR] AS 43.75.018,
25 43.75.019, or AS 43.77.046, exceed \$150,000.

26 * Sec. 16. AS 43.77 is amended by adding a new section to read:

27 **Sec. 43.77.046. Alaska veterans' memorial endowment fund contribution**
28 **credit.** (a) In addition to the credit allowed under AS 43.77.040, for cash
29 contributions accepted for the Alaska veterans' memorial endowment fund established
30 in AS 37.14.700, a person engaged in a floating fisheries business is allowed as a
31 credit against the tax due under this chapter

- 1 (1) 50 percent of contributions of not more than \$100,000; and
2 (2) 75 percent of the next \$100,000 of contributions.

3 (b) A contribution claimed as a credit under this section may not
4 (1) be claimed as a credit under another provision of this title; and
5 (2) when combined with credits taken during the taxpayer's tax year
6 under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019,
7 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018,
8 43.75.019, or AS 43.77.045, exceed \$150,000.

9 (c) A taxpayer may not claim the tax credit allowed under this section if .he
10 taxpayer is in arrears in the payment of contributions under AS 23.20 or a tax under
11 this title or AS 21. For purposes of this subsection, a taxpayer is not in arrears if the
12 payment is under administrative or judicial appeal.

13 * Sec. 17. The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 TRANSITION: AMOUNT AVAILABLE FOR APPROPRIATION. (a)
16 Notwithstanding AS 37.14.730(a), enacted by sec. 4 of this Act, the commissioner of revenue
17 shall identify five percent of the balance of the Alaska veterans' memorial endowment fund on
18 July 1, 2002, as being the amount available for appropriation to support efforts authorized by
19 this Act for fiscal year 2003.

20 (b) Notwithstanding the requirement in AS 37.14.730(a), enacted by sec. 4 of this
21 Act, that the commissioner of revenue make a determination based on the market value of the
22 fund for the immediately preceding three fiscal years, the commissioner of revenue shall
23 make the determination under AS 37.14.730(a) based on the average ending balance in the
24 fund

- 25 (1) from July 31, 2002, to June 30, 2003, for fiscal year 2004;
26 (2) from July 31, 2002, to June 30, 2004, for fiscal year 2005;
27 (3) from July 31, 2002, to June 30, 2005, for fiscal year 2006.

28 (c) In this section,

29 (1) "Alaska veterans' memorial endowment fund" means the fund established
30 in AS 37.14.700, enacted by sec. 4 of this Act;

31 (2) "fund" means the Alaska veterans' memorial endowment fund.

1

* Sec. 18. This Act takes effect immediately under AS 01.10.070(c).

Section 7. Dedicated Funds

The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

Convention delegates prohibited the dedication, or "earmarking," of funds for specific purposes so that the legislature would not tie its own hands in providing for the public needs of the day. The commentary on this section by the constitutional convention committee that drafted it included this observation:

Even those persons or interests who seek the dedication of revenues for their own projects will admit that the earmarking of taxes or fees for other interests is a fiscal evil. But if allocation is permitted for one interest the denial of it to another is difficult, and the more special funds are set up the more difficult it becomes to deny other requests until the point is reached where neither the governor nor the legislature has any real control over the finances of the state.

The phrase "as provided in section 15 of this article" in the second sentence was added by an amendment in 1976 to allow creation of the Alaska Permanent Fund (see Section 15). Two exceptions to the prohibition against earmarking were allowed by the convention delegates. One exception is a dedicated fund that was already in existence, such as the school fund of AS 43.50.130, which receives proceeds from the tobacco tax for use of school repair and construction. The other exception allows new earmarking when it is required by federal law to participate in a federal program. This is the case with the Fish and Game Fund of AS 16.05.100, to which sport hunting and fishing license fees are dedicated.

One legislature cannot bind a future legislature (only the constitution can), especially with respect to the fundamental power to appropriate public revenue. The problem with a statutory dedication of money is that a governor's veto could block a future legislature's effort to repeal the dedication. Also, a statutorily created fund tends to be self-

Sectional Analysis

HB 371 Establishing Alaska Veterans memorial endowment fund

Sections 1-3 and 5-16 add language to existing statutes to allow a taxpayer a credit against certain state taxes for donations to the Veterans memorial endowment fund. The credit is limited to 50% of the first \$100,000 and 100% of the second \$100,000. The tax credit mirrors the structure of the existing education tax credit, and a taxpayer's total education tax credits and Veterans memorial endowment fund tax credits against all taxes are capped at \$150,000.

Sections 1, 3, 5, 7, 9, 11, 13, and 15 are parallel sections amending existing tax credit statutes to provide that the aggregate credit against any of the eligible taxes for contributions under the existing education tax credit provisions and under the proposed Veterans memorial endowment fund tax credit provisions continues to be limited to \$150,000.

Sections 2, 6, 8, 10, 12, 14, and 16 are parallel sections amending certain Alaska tax statutes to allow the tax credit for donations to the Veterans memorial endowment fund. Eligible taxes include: Insurance premium tax (AS 21.09.210); Title insurance premium tax (AS 21.66.110); Alaska net income tax (AS 43.20); Oil and Gas Production Taxes (AS 43.55); Oil and Gas Exploration, Production and Pipeline Transportation Property Taxes (AS 43.56); Mining License Tax (AS 43.65); Fisheries Business Taxes (AS 43.75); Fishery Resource Landing Tax (43.77).

Section 4 establishes the Veterans' Memorial Endowment Fund as an endowment trust fund of the state; assigns management of the fund to the Commissioner of Revenue; delineates the Commissioner's responsibilities and how the amount available for appropriation will be determined.

The section also stipulates the appropriate uses of the fund and how the Department of Military and Veterans Affairs will administer and award grants from the money appropriated from the fund.

Section 17 describes the transitional method to be used to determine the amount available for appropriation for the next three years.

Section 18 is the effective date.

Article IX

Section 14. Legislative Post-audit

The legislature shall appoint an auditor to serve at its pleasure. He shall be a certified public accountant. The auditor shall conduct post-audits as prescribed by law and shall report to the legislature and to the governor.

A legislative post-audit is a review of the expenditure of public funds by all government agencies (legislative, executive and judicial) to ensure that the agencies spent the money in compliance with applicable laws and regulations. A post-audit contrasts with the pre-audit used in some states where expenditures are reviewed *before* payment is made. This section makes the auditor responsible to the legislature, as a potential conflict of interest exists if the post-auditor is appointed by and responsible to the governor, as is the case in some states.

State statutes that implement this section (AS 24.20.270) authorize the legislative auditor to undertake "performance" audits as well as financial audits. A performance audit evaluates a program's management and its effectiveness in meeting its goals.

Section 15. Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

A constitutional amendment in 1976 added this entire section. It mandates the creation of the Alaska Permanent Fund. An amendment was required because Section 7 prohibits dedicated funds. Although the permanent fund dedicates nontax petroleum revenue (royalties and lease-related revenue received by the state by virtue of its ownership of oil lands), the phrase "tax or license" used in Section 7 has been interpreted to encompass all forms of public revenue.

Bill History/Action Display



BILL: HB 371

SHORT TITLE: ALASKA VETERANS' MEM.ENDOWMENT
FUND

BILL VERSION:

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

CURRENT STATUS: (H) STA

STATUS DATE: 04/05/02

THEN FIN

TITLE: "An Act establishing the Alaska veterans' memorial endowment fund and providing for credits against certain taxes for contributions to that fund; relating to other tax credits for certain contributions; and providing for an effective date."

Jrn-Date	Jrn-Page	Action
02/01/02	<u>2119</u>	(H) READ THE FIRST TIME - REFERRALS
02/01/02	<u>2119</u>	(H) MLV, STA, FIN
02/01/02	<u>2119</u>	(H) FN1: INDETERMINATE(CED)
02/01/02	<u>2119</u>	(H) FN2: INDETERMINATE(REV)
02/01/02	<u>2119</u>	(H) FN3: (MVA)
02/01/02	<u>2119</u>	(H) GOVERNOR'S TRANSMITTAL LETTER
04/05/02	<u>2815</u>	(H) MLV RPT 3DP 2NR
04/05/02	<u>2815</u>	(H) DP: GREEN, HAYES, CHENAULT;
04/05/02	<u>2815</u>	(H) NR: KOTT, MURKOWSKI
04/05/02	<u>2815</u>	(H) FN1: INDETERMINATE(CED)
04/05/02	<u>2815</u>	(H) FN2: INDETERMINATE(REV)
04/05/02	<u>2815</u>	(H) FN3: (MVA)
04/05/02	<u>2815</u>	(H) REFERRED TO STATE AFFAIRS

Similar Subject Match or Exact Subject Match

FISH & GAME (FISH)

FUNDS

INSURANCE

MINING

OIL & GAS

PIPELINES

TAXATION

VETERANS

Bill Root:



TO REPORT PROBLEMS WITH BASIS INQUIRY

LIVE KTOO STREAMS 

[Return to Basis Main Menu \(22 Legislature\)](#)

[Return to Legislature Home Page](#)

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: HB 371
(H) Publish Date: 2/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DMVA
Title Veterans Memorial Endowment BRU Veterans Services
Component Veterans Services
Sponsor Rules
Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous	125.0					
TOTAL OPERATING	125.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	125.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	125.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The proposed bill sets up an endowment fund to maintain and develop veterans or military memorials. It also provides an opportunity for private entities to contribute to the fund and receive a tax credit against their state taxes. The amount in the fiscal note is the initial contribution to the fund. Earnings from the fund will be available to expend, contingent on appropriations, for projects approved by the department in consultation with veteran groups.

Prepared by: Carol Carroll Phone 465-4730
Division Administrative Services Date/Time 12/7/01 3:15 PM
Approved by: Carol Carroll Date 12/07/2001
Agency Department of Military and Veterans Affairs

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 371
 (H) Publish Date: 2/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Veterans Memorial Endowment BRU Revenue Operations
and Tax Credit Component Tax Division
 Sponsor Rules Committee
 Requester Governor Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
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 ()	**	**	**	**	**	**
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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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

** Although we do not believe there are a sufficient facts for estimating the potential revenue loss under this bill, the best source for revenue loss information is the Education Tax Credit data. The reason why Education Tax Credit data is useful is that the structure of the proposed Alaska Veterans Memorial Endowment Tax Credit mirrors the structure of the existing Education Tax Credit. Additionally, because taxpayers are limited to a maximum of \$150,000 in credit, they may choose to substitute Alaska Veterans Memorial Tax Credits for Education Tax Credits. The revenue loss would then only be any additional credits beyond those that would have been used as education credits. In FY 2001, 37 taxpayers used approximately \$2.1 million in Education Tax Credits. About 97 percent of those credits were used by 16 of the 37 taxpayers.

Prepared by: Brett Fried
 Division Tax Division
 Approved by: Larry Persily, Deputy Commissioner
 Agency Department of Revenue

Phone 465-3682
 Date/Time 11/10/01 2:18 PM
 Date 11/10/2001

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 371
 (H) Publish Date: 2/1/02

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Alaska Veterans Memorial BRU Community Assistance&Econ Dev
Endowment Fund Component Community & Business
 Sponsor Rules By Request Development
 Requester Governor Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	*	*	*	*	*	*
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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--Do not abbreviate)						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2002) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
 The impact of this bill on revenues and expenditures is indeterminate due to the difficulty in anticipating the extent to which tax credits will be appropriated to the endowment funds.

Prepared by: Ginny Fay, Deputy Director Phone 907-465-5472
 Division Community & Business Development Date/Time 10/3/01 4:21 PM
 Approved by: Deborah B. Sedwick, Commissioner Date 10/3/2001
 Agency Department of Community & Economic Development