

SCOMM

125:51

**REPRESENTATIVE  
MIKE CHENAULT**

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# STATE OF ALASKA



**HOUSE OF REPRESENTATIVES**

Official Business

Session:  
Capitol Building, Room 432  
Juneau, Alaska 99801-1182  
(907) 465-3779  
Toll Free: (800) 469-3779  
Fax: (907) 465-2833

## **Sponsor Statement**

### **House Bill 488**

House Bill 488 establishes a tax credit for gifts to an institution for the study of math, science, and technology. It provides for calculation of the tax credit and establishes limits on an allowable credit.

SPONSOR STATEMENT

# 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

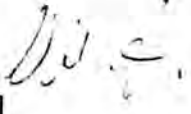
State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

March 14, 2002

**SUBJECT:** Insurance tax credit HB 488

**TO:** Representative Mike Chenault  
~~Attorney General~~

**FROM:** Michael F. Ford   
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Establishes an insurance tax credit for gifts to a school for the study of math, science, and technology. Provides for calculation of the tax credit and establishes limits on an allowable credit.

**Section 2.** Provides that a tax credit under AS 21.89.077 counts towards the limit on credits established under AS 43.20.014(d).

**Section 3.** Provides that a tax credit under AS 21.89.077 counts towards the limit on credits established under AS 43.55.019(d).

**Section 4.** Provides that a tax credit under AS 21.89.077 counts towards the limit on credits established under AS 43.56.018(d).

**Section 5.** Provides that a tax credit under AS 21.89.077 counts towards the limit on credits established under AS 43.65.018(d).

**Section 6.** Provides that a tax credit under AS 21.89.077 counts towards the limit on credits established under AS 43.75.018(d).

**Section 7.** Provides that a tax credit under AS 21.89.077 counts towards the limit on credits established under AS 43.77.045(c).

**Section 8.** Effective date.

MFF:pjc  
02-032.pjc

SECTIONAL ANALYSIS

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
Bill Version: HB 488  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DCED  
Title An Act relating to an insurance tax credit for a BRU Insurance (116)  
gift to a school for math, science, and technology Component Insurance Operations  
Sponsor Representative Chenault  
Requester House Education Component No. 354

**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          |         |         |         |         |         |         |
| <b>TOTAL OPERATING</b> |         |         |         |         |         |         |

|                             |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|
| <b>CAPITAL EXPENDITURES</b> |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|

|                               |                |   |   |   |   |   |
|-------------------------------|----------------|---|---|---|---|---|
| <b>CHANGE IN REVENUES ( )</b> | <b>(150.0)</b> | * | * | * | * | * |
|-------------------------------|----------------|---|---|---|---|---|

**FUND SOURCE** (Thousands of Dollars)

|                                    |  |  |  |  |  |  |
|------------------------------------|--|--|--|--|--|--|
| 1002 Federal Receipts              |  |  |  |  |  |  |
| 1003 GF Match                      |  |  |  |  |  |  |
| 1004 GF                            |  |  |  |  |  |  |
| 1005 GF/Program Receipts           |  |  |  |  |  |  |
| 1037 GF/Mental Health              |  |  |  |  |  |  |
| 1156 GF Receipt Supported Services |  |  |  |  |  |  |
| <b>TOTAL</b>                       |  |  |  |  |  |  |

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 bill allows a limited tax credit for contributions to a school for math, science, and technology. The contributions would partially offset premium taxes under AS 21.09.210. It is impossible to know how many insurance companies may choose to make a contribution and take the limited tax credit against their premium tax obligation to the state. Insurance companies must apply to the director of insurance for a prequalification of a contribution to be credited against a premium tax credit.

The net decrease in premium tax revenue to the state's general fund is difficult to determine. However using the assumption that at least one insurance company would make a contribution to a school at the maximum amount allowable, the decrease to the state's general fund would be \$150,000 the first fiscal year. Three insurance companies have a history of taking advantage of the premium tax insurance credit allowable for universities.

Prepared by: Robert A. Lohr, Director Phone 269-7900  
Division Insurance Date/Time 4/12/02 5:13 PM  
Approved by: Deborah B. Sedwick, Commissioner Date 4/12/2002  
Agency Community & Economic Development



December 2001

*The Challenger Learning Center of Alaska Foundation*

The Challenger Learning Center of Alaska seeks your help in promoting an amendment to already existing legislation that allows some educational institutes in Alaska an opportunity to seek contributions on behalf of their respective foundation programs.

The Challenger Learning Center of Alaska is a specialized learning institute created by Congress specifically to teach students better skills in the subjects of math, science and technology. The center was built with funding from both the private sector of Alaska and federal funding. The private sector contributed \$1,500,000 and the federal government has funded a total of \$7,785,000.00 toward its construction and operation since 1997. The State of Alaska through its legislature has never been asked to contribute any funds although a grant was received from Alaska Science and Technology Foundation in the amount of \$123,000.00 to furnish some technology components during the startup phase.

In asking that the Legislature look favorably upon our request, it is our intention not to ask the Legislature to fund any of the ongoing programs with legislative appropriations. By allowing the Challenger Learning Center of Alaska the opportunity to seek funding via an amendment to the existing legislation, we feel that we will have the opportunity to fulfill the mission of the Challenger Learning Center of Alaska as intended at its inception. Several corporations within the private sector have indicated to us that given the opportunity to participate in the creation of a foundation fund as allowed through existing legislation for other educational institutes, they will be more than willing to contribute toward the long term growth and operation of the center. The creation of a foundation will insure that the center will not have to seek future funding from the Alaska State Legislature but will be able to deliver to all of the children of Alaska an ongoing and lasting program of education in math, science and technology in a manner not available anywhere else in the State.

Thank you for your consideration

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Kenai, AK

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John J. Williams, President  
Board of Directors

BILL BACKUP

**Alaska Challenger Center**  
For Space Science Technology, Inc.

**Resolution 2001-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA  
CHALLENGER CENTER FOR SPACE SCIENCE & TECHNOLOGY,  
INC. CREATING  
THE CHALLENGER LEARNING CENTER OF ALASKA FOUNDATION.**

Whereas, the Alaska Challenger Center for Space Science & Technology is fully recognized as a 501(c)3 non-profit corporation by and in the State of Alaska, and

Whereas, it is the responsibility of the Board of Directors to plan for the long term revenue sources necessary to fund and operate the Challenger Learning Center of Alaska, and

Whereas, the creation of a Foundation is recognized by the Board of Directors as a necessary element in establishment of a sound financial organization, and

Whereas, Foundations provide longevity and emergency assistance to the organization and help to ensure continued success in developing and operating capital facilities and program delivery, and

Whereas, corporate contributors to the Challenger Learning Center of Alaska have indicated interest and willingness to participate in creating and funding The Challenger Learning Center of Alaska Foundation,

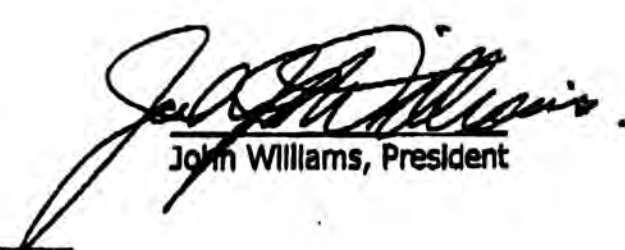
Now, Therefore Be It Resolved, that the Board of Directors of the Alaska Challenger Center for Space Science Technology, Inc. authorizes the creation of The Challenger Learning Center of Alaska Foundation.

Be It Further Resolved that the Board of Directors creates a Foundation Committee that will consist of the President of the Board of Directors, Chairman of the Finance, Legal & Property committee, Executive Director, and four other board members appointed by the President and ratified by the Board of Directors.

Adopted by the Board of Directors of the Alaska Challenger Center for Space Science & Technology, Inc. at the meeting of the Board at which a quorum was present on December 20, 2001.

Attest:

  
Mike Tarr, Secretary

  
John Williams, President

**Sec. 21.89.078. (Proposed Section Numbers)****TAX CREDIT FOR GIFTS TO THE CHALLENGER LEARNING CENTER OF ALASKA.**

(a) For cash contributions prequalified under (d) of this section and made for education programs to the Challenger Learning Center of Alaska, a taxpayer is allowed a credit against the tax due under AS 21.09.210 that is imposed on corporations doing business in the State of Alaska.

(b) The amount of the credit allowed to a taxpayer under (a) of this section is the lesser of

(1) an amount equal to

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

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

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

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

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

(2) when combined with credits taken during the taxpayer's tax year under AS 43.20.014 , AS 43.55.019 , AS 43.56.018 , AS 43.65.018 , AS 43.75.018, or AS 43.77.045 , exceed \$150,000; or

(3) be claimed as a credit unless the contribution qualifies for the credit under (d) of this section.

(d) A taxpayer may not claim a contribution as a credit under (a) of this section unless the taxpayer applies to the director for prequalification of the contribution as a tax credit and receives written notice from the director that the contribution prequalifies for the tax credit described under this section. The director shall allow prequalified tax credits for contributions under this section in the order that the director receives applications by taxpayers and may not provide notice of prequalification if the taxpayer's contribution would cause the total contributions made by all taxpayers during the calendar tax year to exceed \$900,000.