

HB

194

NORTHWEST ARCTIC BOROUGH**P.O. BOX 1110****KOTZEBUE, ALASKA 99752****(907) 442-2500 / FAX (907) 442-2930**

March 26, 2003

Representative Tom Anderson
State Capitol Room 432
Juneau, Alaska 99801

Dear Representative Anderson:

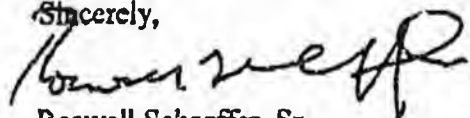
The Northwest Arctic Borough would like to convey full support for HB 194, "An Act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations, and providing for an effective date." We are one of the recognized Alaska Regional Development Organizations (ARDORS) in the state and believe that this legislation would facilitate investment in those organizations from large businesses operating within Alaska.

Our ARDOR is active in creating small business opportunities and otherwise stimulating employment in an area with a 65% non full-time employment rate among working age adults. Over the last two years we have made in excess of 150 small business loans, provided over \$100,000 in small business grants, and purchased and marketed the arts and crafts of over 120 of our residents. Our economic development programs and activity can be reviewed at our website, www.northwestarcticborough.org.

In rural regions in particular, where a high percentage of the adult population lacks even a high school education, direct assistance from an ARDOR is essential if individuals are going to make a successful transition to the modern cash economy. In most cases, creation of a job or business has the direct outcome of reducing the cost of public assistance in the form of food stamps or temporary aid to families with dependent children. In all cases, jobs and businesses provide people with the opportunity to learn and grow.

The outcome of this legislation should be additional capital for ARDORS, from which all regions of the state would benefit. Thank you for your support.

Sincerely,



Roswell Schaeffer, Sr.,
Mayor

LOWER KUSKOKWIM ECONOMIC DEVELOPMENT COUNCIL
PO BOX 2021, BETHEL, ALASKA 99559 * 907 543-5967

March 19, 2003

Rep. Tom Anderson
Alaska State Legislature
Juneau, AK 99801

Dear Rep. Anderson:

re: Support of House Bill 194

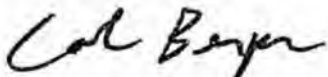
This letter is written in support of HB 194, which would provide tax credits for contributions by private entities to regional development organizations.

We are in our twelfth year of operations as the regional development body for Bethel and 26 lower Kuskokwim villages in SW Alaska. Funding received through the State of Alaska over the years has been leveraged with other sources to allow us to cover our operations expenses, the cost of doing business continues to grow each year and the outlook for funding from the state is uncertain.

Allowing private bodies to donate up to \$10,000 in cash, in exchange for a tax credit equal to the amount of the contribution, would be very helpful to us in our continuous fundraising efforts, assisting us to gain revenues to cover our increasing operating expenses.

Thank you for your efforts to assist us in promoting regional economic development by increasing the financial support options to our organization.

Very truly,



Carl Berger
Executive Director



701 West Eighth Avenue
Suite 600
Anchorage, AK 99501

Telephone 907 265 1200
Fax 907 265 1296

March 24, 2003

Alaska State Legislature
State Capitol
Juneau, AK 99801

As the chair of Anchorage Economic Development Corporation (AEDC), and a long time business owner, I encourage you to support House Bill 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

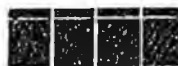
Economic development is critical for the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic development initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had success in contributing to the economic well being of our state. However, each is limited by its financial support and relies heavily on private contributions for funding.

HB 194 would allow taxpayers to make contributions to regional economic development organizations and take a tax credit equal to the amount of the contribution, not to exceed \$10,000, thus enhancing their ability to support economic development. This bill would not increase the \$150,000 tax credit limit. It would simply provide another option for companies to contribute to the economic future of the state.

AEDC appreciates your support for our global logistics initiatives, and I thank you for your consideration of HB 194.

Sincerely,

Kathleen Porterfield
Managing Partner



ASCG

INCORPORATED

March 21, 2003

Honorable Tom Anderson
Alaska State Legislature
State Capitol
Juneau, AK 99801

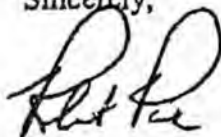
Representative Anderson:

I encourage you to support House Bill 194. This bill would allow taxpayers to make contributions to regional economic development organizations, like the Anchorage Economic Development Corporation (AEDC), and take a tax credit equal to the amount of the contribution, not to exceed \$10,000. This bill would not increase the current \$150,000 tax credit limit; it would simply provide another option for companies to contribute to the economic future of Alaska.

Economic development is critical for the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had very real success in contributing to the economic well being of Alaska. However, each is limited by its respective financial support and each relies heavily on private contributions for funding.

This legislation is also supportive of the Governor's efforts to strengthen Alaska's economy through increased economic development of Alaska's resource base. HB 194 could contribute significantly to the ability of economic development organizations throughout Alaska to assist with Alaska's economic development. Thank you for your consideration of this bill and for your ongoing commitment to the economic success of our State.

Sincerely,



Robert Poe
Sr. Vice President
Alaska Operations



March 25, 2003

architecture
development
interior design
planning

The Honorable Tom Anderson
Alaska State Representative
State Capitol, Room 432
Juneau, AK 99801-1182

shaping
tomorrow
today

Re: House Bill 194

Dear Representative Anderson:

I encourage you to support House Bill 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

Economic development is critical to the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic development initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had success in contributing to the economic well being of our state. However, each is limited by its financial support and relies heavily on private contributions for funding.

House Bill 194 would allow taxpayers to make contributions to regional economic development organizations and take a tax credit equal to the amount of the contribution, not to exceed \$10,000, thus enhancing their ability to support economic development. This bill would not increase the \$150,000 tax credit limit. It simply would provide another option for companies to contribute to the economic future of Alaska.

Thank you for your consideration and your ongoing commitment to the growth and prosperity of our state.

Sincerely,

Mark E. Pfeffer
President/CEO

425 G Street
Suite 800
Anchorage
Alaska 99501
907.274-7443 T
907.274.7407 F
www.kpb-alaska.com

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 13, 2003

SUBJECT: Sectional Summary of HB 194, creating a tax credit for contributions to regional development organizations (Work Order No. 23-LS0733D)

TO: Representative Tom Anderson

FROM: Kathryn L. Kurtz
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. Effective July 1, 2003, adds the credit created in section 7 of the bill to the list of tax credits in AS 21.89.070(c) which, when combined, may not exceed \$150,000.

Section 2. Effective July 1, 2005, removes the credit added in section 1 of the bill from AS 21.89.070(c).

Section 3. Effective July 1, 2003, adds the credit created in section 7 of the bill to the list of tax credits in AS 21.89.075(c) which, when combined, may not exceed \$150,000.

Section 4. Effective July 1, 2005, removes the credit added in section 3 of the bill from AS 21.89.075(c).

Section 5. Effective July 1, 2003, adds the credit created in section 7 of the bill to the list of tax credits in AS 43.20.014(d) which, when combined, may not exceed \$150,000.

Section 6. Effective July 1, 2005, removes the credit added in section 5 of the bill from AS 43.20.014(d).

Section 7. Creates a tax credit not to exceed \$10,000 for cash contributions accepted for direct operation of a regional development organization. Defines "regional development organization" using the definition now found in AS 44.33.895 (scheduled for repeal 7/1/03). Provides that the credit may not be claimed under both this provision and

Representative Tom Anderson
March 13, 2003
Page 2

another provision of AS 43, or claimed and also allowed as a deduction under 26 U.S.C. 170 against the Alaska net income tax. Provides that the credit, when combined with other credits taken under other statutory sections, may not exceed \$150,000.

Section 8. Effective July 1, 2003, adds the credit created in section 7 of the bill to the list of tax credits in AS 43.55.019(d) which, when combined, may not exceed \$150,000.

Section 9. Effective July 1, 2005, removes the credit added in section 8 of the bill from AS 43.55.019(d).

Section 10. Effective July 1, 2003, adds the credit created in section 7 of the bill to the list of tax credits in AS 43.56.018(d) which, when combined, may not exceed \$150,000.

Section 11. Effective July 1, 2005, removes the credit added in section 10 of the bill from AS 43.56.018(d).

Section 12. Effective July 1, 2003, adds the credit created in section 7 of the bill to the list of tax credits in AS 43.65.018(d) which, when combined, may not exceed \$150,000.

Section 13. Effective July 1, 2005, removes the credit added in section 12 of the bill from AS 43.65.018(d).

Section 14. Effective July 1, 2003, adds the credit created in section 7 of the bill to the list of tax credits in AS 43.75.018(d) which, when combined, may not exceed \$150,000.

Section 15. Effective July 1, 2005, removes the credit added in section 14 of the bill from AS 43.75.018(d).

Section 16. Effective July 1, 2003, adds the credit created in section 7 of the bill to the list of tax credits in AS 43.77.045(c) which, when combined, may not exceed \$150,000.

Section 17. Effective July 1, 2005, removes the credit added in section 16 of the bill from AS 43.77.045(c).

Section 18. Repeals AS 43.20.019, the section creating the tax credit, effective July 1, 2005.

Section 19. Instructs the revisor to reconcile the material in this bill with sec. 28., ch. 46, SLA 2002, in the event the sunset date of that act is extended. That act provides a tax credit which is scheduled to sunset July 1, 2003, and this bill is drafted under the assumption that the sunset will occur. If it does not, the sections amended above will read differently, and the revisor will simply add references to AS 43.20.019 (the section of this bill which creates the tax credit) to those sections as they actually will read following July 1, 2003.

Representative Tom Anderson
March 13, 2003
Page 3

Section 20. Gives a July 1, 2003 effective date to the sections creating the tax credit and referring to the tax credit as part of the \$150,000 cap on tax credits under the Alaska net income tax act.

Section 21. Sunsets the bill July 1, 2005 by removing the credit created in sec. 7, sec. 43.20.019, and references to that section in other sections.

TML:lmb
03-075.lmb

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT FOR HB 194 BY: Representative Tom Anderson

TITLE: "An Act creating a tax credit under the Alaska Net Income Tax for contributions to regional development organizations; and providing for an effective date."

House Bill 194 creates a tax credit for contributions made by businesses to Alaskan regional development organizations. This legislation limits the tax credit to the first \$10,000 contributed by a business to a regional development organization. The tax credit allowed under HB 194, when combined with credits allowed under various other tax credit provisions in statute, may not exceed the previously established limit of \$150,000. This tax credit will sunset in 2005.

The definition used in HB 194 for "regional development organizations" is from statutory language used to define an Alaska Regional Development Organization (ARDOR). There are currently 13 ARDORs throughout the state covering all of Alaska except a section of the Interior and a portion of the Lower Yukon.

The ARDOR program is based on the notion that locally driven initiatives, in partnership with the State, can most effectively stimulate economic development and produce healthy, sustainable local economies. The tax credit established by HB 194 will encourage businesses to contribute to the ARDORs and assist regional development organizations' solicitation of contributions by having a tax credit as a further incentive.

I urge your support of HB 194.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB194
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title Regional Development Org Tax Credit BRU 405
 Component Comm Assistance & Economic Dev
 Sponsor Representative Anderson et al Community & Business Development
 Requester House Community & Regional Affairs Component No. 2486

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | FY 2004 | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 |
|------------------------|------------|------------|------------|------------|------------|------------|
| 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 (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

| | | | | | | |
|-----------|--|--|--|--|--|--|
| Full-time | | | | | | |
| Part-time | | | | | | |
| Temporary | | | | | | |

ANALYSIS: (Attach a separate page if necessary)

This legislation would allow for a tax credit under the Alaska Net Income Tax Act not to exceed \$10,000 for taxpayers making cash contributions to regional economic development organizations. This legislation does not impact the fiscal operations of the department.

Prepared by: Gene Kane, Acting Director Phone 907.269.4578
 Division: Community & Business Development Date/Time 3/28/03 5:19 PM
 Approved by: Edgar Blatchford, Commissioner Date 3/28/2003
 Agency: Department of Community & Economic Development

Alaska Department of Revenue
 Tax Division - Mark Graber 4/2/03

RE: HB 194 Tax Credit for Contributions to ARDORS

Tax Credits claimed under the current \$150,000 limitation:

| | FY00 | FY01 | FY02 |
|--|---------------------|---------------------|---------------------|
| Education Credit | | | |
| AS 21.89 (Insurance Premiums Tax) | \$ 280,000 | \$ 430,000 | \$ 300,000 |
| AS 43.20 (Corporate Income Tax) | \$ 1,627,558 | \$ 1,163,790 | \$ 1,305,267 |
| AS 43.56 (Oil and Gas Property Tax) | \$ - | \$ - | \$ - |
| AS 43.75 (Fisheries Business Tax) | \$ 14,140 | \$ 4,815 | \$ 1,794 |
| AS 43.77 (Fisheries Landing Tax) | \$ 312,098 | \$ 607,897 | \$ 1,555,875 |
| AS 43.65 (Mining License Tax) | \$ 63,751 | \$ - | \$ 2,840 |
| Total Education Credits | \$ 2,297,547 | \$ 2,206,502 | \$ 3,165,776 |
| AK Fire Standards Council Contributions Credit (AS 21.89.075) | \$ - | \$ - | \$ - |
| Total Credits Claimed Subject to \$150,000 Limit | \$ 2,297,547 | \$ 2,206,502 | \$ 3,165,776 |

Note: Contributions to the Alaska Veterans Memorial Fund made between June 18, 2002 and July 1, 2003 will also be subject to the \$150,000 limit.



Alaska State Legislature

House Committee on Community and Regional Affairs

Representative Carl Morgan, Chair
State Capitol Building, Room 408
Juneau, AK 99801
907-465-3882

AGENDA

State Capitol 124
8:00 am – 10:00 am

- **Call to Order**
Today's date is April 1st, 2003
The time is 8:15 am
Roll Call

Note that we have been joined by a group of students from Project Close Up

- **On today's agenda**
 - **HB 194** Regional Development Organization Tax Credit
Sponsor: Rep. Anderson

On Teleconference: Mark Graber, Dept. of Revenue, Tax Division

Note: Letters of support from:
Providence Alaska Medical Center
Municipality of Anchorage
Copper Valley Economic Development Council
Chugach Electric
Walsh-Sheppard-Flynn

- **Questions and Comments from committee members**
- **Other Business**
 - If there is no other business, announce next meeting announce next meeting.
 - Next Meeting – Thursday, April 3rd
- **Adjourn**



March 28, 2003

Representative Tom Anderson
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Legislator Anderson:

I encourage you to support House Bill 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations. As a board member of the Anchorage Economic Development Corporation, I am aware of the positive impact the regional development organizations have.

Economic development is critical for the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic development initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations have had success in contributing to the economic well being of our state. However, each is limited by its financial support and relies heavily on private contributions for funding.

HB 194 would allow taxpayers to make contributions to regional economic development organizations and take a tax credit equal to the amount of the contribution, not to exceed \$10,000, thus enhancing their ability to support economic development. This bill would not increase the \$150,000 tax credit limit. It would simply provide another option for companies to contribute to the economic future of the state.

Thank you for your consideration and your ongoing commitment to the economic success of our State.

Sincerely,

Gene L. O'Hara, Pharm.D.
Chief Executive
Providence Alaska Medical Center



Municipality of Anchorage

Office of the Mayor

George P. Wuerch, Mayor



March 28, 2003

Representative Tom Anderson
Alaska State Legislature
State Capitol
Juneau, AK 99801

Re: HB 194

Dear Representative Anderson,

Thank you for introducing HB 194, an act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

We all recognize that economic development is vital to the future prosperity of Alaska. Without economic development, we cannot hope to solve the State's fiscal dilemma nor can we ensure a vibrant future for the state. Key to helping realize this vision are the 13 Alaska Regional Development Organizations (ARDORS) throughout the state, funded through a combination of public and private resources. These regional organizations help stimulate economic development and produce healthy, sustainable local economies.

HB 194 will provide additional resources to Alaska's ARDORS by allowing taxpayers to make a contribution and take a tax credit equal to the amount of the contribution, not to exceed \$10,000. This tax credit will fall within the existing \$150,000 tax credit limitation thereby not impacting the State's revenues.

We support the passage of HB 194 and thank you for your commitment to helping to improve the future success of Alaska.

Sincerely,

George P. Wuerch
Mayor

COPPER VALLEY ECONOMIC DEVELOPMENT COUNCIL, INC.

P.O. Box 9
Glennallen, Alaska 99588

Representative Tom Anderson
State Capitol
Juneau, Alaska 99801-1182

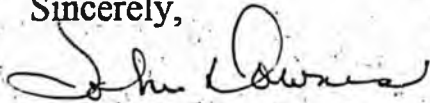
RE: HB194

Dear Representative Anderson;

I would like to take a moment to commend you in your efforts to address the needs of the ARDORS throughout the state of Alaska. As you know it is very hard to raise money to keep projects going and the doors open. With a bill such as HB194 that would enhance the fund raising abilities of the ARDORS throughout the state. There is a great need for a way to entice donations and offer an incentive to organizations that might not otherwise donate. I feel HB194 is a step in the right direction. Again I commend you in your efforts. If there is anything our office can do to help please feel free to let us know.

I have contacted Rep. Carl Morgan's office and urged them to help your efforts in getting this legislation passed this year. I will also contact Rep. Harris's office with the same request.

Sincerely,



John Downes
Executive Director
Copper Valley Economic Development Council



ARDOR

SHAPING ALASKA'S FUTURE

Ph. (907) 822-5001 - Fax (907) 822-5009 - e-mail: cvedc@alaska.net



Joe Griffith
General Manager

March 24, 2003

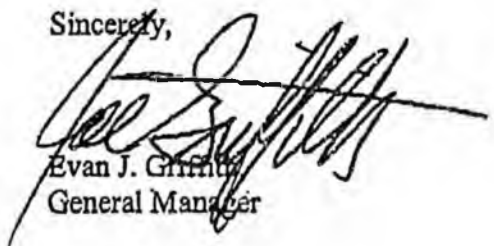
Via fax: (907) 465-2418

Representative Tom Anderson
State Capitol, Room 432
Juneau, AK 99801-1182

Dear Representative Anderson:

I am writing to express my support for HB 194. As an electric utility, Chugach has a long history of working with the Anchorage Economic Development Corporation and others striving to grow in our economy and create jobs. These organizations have important missions that help build strong communities. The legislation seems like a reasonable way to broaden the base of support for the economic development so important to the future of Alaska.

Sincerely,



Evan J. Griffith
General Manager



WALSH-SHEPPARD-FLYNN

GROWTH STRATEGIES
& COMMUNICATIONS

March 26, 2003

Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear State Legislator:

I am writing to ask your support of a bill very important to my city of Anchorage and Alaska as a whole—House Bill 194. This would create a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations.

As a woman who has built and run a business in Anchorage for the past 17 years, I understand very clearly how critical economic development is for the future of my business, this city, and our state. That's why I support and contribute my time to the Anchorage Economic Development Corporation (AEDC).

AEDC is just one of several private, non-profit community development organizations in Alaska working on initiatives to bring new investment and jobs to their communities and to the state—and many business supporters like myself contribute to this important work. Over the years, there have been many successes to celebrate. These successes could be greater, but we are handicapped by limited financial support from the State and therefore need to rely heavily on private contributions for funding.

HB 194 can help. It would allow taxpayers to make contributions to regional economic development organizations and take a tax credit equal to the amount of the contribution, not to exceed \$10,000, thus enhancing their ability to support economic development. This bill would not increase the \$150,000 tax credit limit. It would simply provide another option for companies to contribute to the economic future of the state.

Please support the passage of HB194. It's highly important to all of us.

Sincerely,

Pat Walsh
President & CEO
Walsh Sheppard Flynn

1410 Rudakof Circle
Anchorage, Alaska
99508
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F: 907.338.3357