

HB

194

Alaska State Legislature

House of Representatives

Session address:
Alaska State Capitol, Room 432
Juneau, AK 99801-1182
1-800-465-4939 (toll free)
1-907-465-2418 (fax)



Interim Address:
716 W. 4th Ave.
Anchorage, AK 99501-2133
1-907-269-0265
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Representative Tom Anderson
District 19

MEMORANDUM

Date: April 25, 2003

To: Senator Tom Wagoner
Senate Community and Regional Affairs Committee Chair

From: Representative Tom Anderson *T.A.*

Re: House Bill 194

I respectfully request that you schedule HB 194 for a hearing before the Senate Community and Regional Affairs Committee.

Enclosed are:

1. Sponsor Statement
2. Summary of changes made in House L&C CS
3. Sectional Summary
4. Statutes affected by HB 194
5. Spreadsheet prepared by Mark Graber, Division of Tax
6. Letters of support

I thank you for your consideration of this request.

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT FOR CSHB 194(L&C) 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). The Labor and Commerce Committee Substitute clarifies these organizations must be designated by the Department of Community and Economic Development as ARDORs. 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.

Alaska State Legislature

Representative Tom Anderson



Official Business

State Capitol
Juneau, AK 99801-1182

Summary of changes made to HB 194 in CS Draft 23-LS0773\H

Page 3

Sec. 7

Sec. 43.20.019

Language has been added at the request of the Division of Tax to indicate that the regional development organization must be designated as such by the Department of Community and Economic Development. This is consistent with the sponsor's intent that the tax credit be made available only for contributions to recognized ARDORs and will assist the Division of Tax in readily determining which contributions are eligible to be claimed as tax credits.

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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

The tax credit in House Bill 194 will be combined with the following tax credits. The credit provided in HB 194 is limited to the first \$10,000 contributed in a year and when combined with the following tax credits may not exceed a total of \$150,000 in credits claimed in a year.

Sec. 21.89.070. Insurance tax credit for gifts to colleges.

(a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or AS 21.66.110 for cash contributions for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, that are accepted by a nonprofit, public or private, Alaska two-year or four-year college or university accredited by a regional accreditation association or that are accepted by an Alaska university foundation that supports a university or college that could receive a contribution for which a taxpayer may obtain a credit under this section. The amount of the credit 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.

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

(c) [See delayed amendment note]. A contribution claimed as a credit under this section may not

- (1) be claimed as a credit under more than one provision of this title; and
- (2) when combined with credits taken during the taxpayer's tax year under AS 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, AS 43.77.045, or 43.77.046, exceed \$150,000.

Sec. 21.89.075. Insurance tax credit for gifts to the Alaska Fire Standards Council.

(a) For cash contributions prequalified under (d) of this section and made for fire services programs to the Alaska Fire Standards Council established under AS 18.70.330, a taxpayer is allowed a credit against the tax due under AS 21.09.210 that is imposed on insurance that includes coverage for losses due to fire.

(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) [See delayed amendment note]. 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 21.89.070, 21.89.071, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.018, 43.75.019, AS 43.77.045, or 43.77.046, 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 \$300,000.

Sec. 43.20.014. Income tax education credit.

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

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

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

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

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

(d) [See delayed amendment note]. A contribution claimed as a credit under this section may not

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

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

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

Sec. 43.55.019. Oil or gas producer education credit.

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

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

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

Sec. 43.56.018. Oil or gas property education credit.

(a) For cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation or by a nonprofit, public

or private, Alaska two-year or four-year college accredited by a regional accreditation association, the owner of property taxable under this chapter is allowed as a credit against the tax due under this chapter

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

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

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

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

(d) [See delayed amendment note]. A contribution claimed as a credit under this section may not

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

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

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

Sec. 43.65.018. Mining business education credit.

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

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

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

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

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

(d) [See delayed amendment note]. A contribution claimed as a credit under this section may not

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

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

Sec. 43.75.018. Fisheries business education credit.

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

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

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

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

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

(d) [See delayed amendment note]. A contribution claimed as a credit under this section may not

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

(2) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.071, 21.89.075, AS 43.20.014, 43.20.018, AS 43.55.019, 43.55.021, AS 43.56.018, 43.56.019, AS 43.65.018, 43.65.019, AS 43.75.019, AS 43.77.045, or 43.77.046, exceed \$150,000.

Sec. 43.77.045. Fisheries resource landing tax education credit.

(a) In addition to the credit allowed under AS 43.77.040, for cash contributions accepted for direct instruction, research, and educational support purposes, including library and museum acquisitions and contributions to endowment, by an Alaska university foundation or by a nonprofit, public or private, Alaska two- year or four-year college accredited by a regional accreditation association, a person engaged in a floating fisheries business is allowed as a credit against the tax due under this chapter

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

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

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

(c) [See delayed amendment note]. A contribution claimed as a credit under this section may not

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

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

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.



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,

A handwritten signature in black ink, appearing to read "George P. Wuerch".

George P. Wuerch
Mayor



701 West Eighth Avenue
Suite 600
Anchorage, AK 99501

Telephone 907 265 1200
Fax 907 265 1295

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.

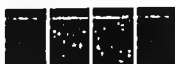
Economic development is critical for the future of our state. Alaska has several private, non-profit community development organizations working diligently on economic development initiatives aimed at bringing new investment and jobs to their communities and to the state. Over the years, these organizations 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





Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax 907/459-1102

Email mayor@co.fairbanks.ak.us

April 3, 2003

Via Facsimile 907-465-2418

The Honorable Tom Anderson
State Capitol, Room 432
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 and that the 13 ARDORS are a key part of achieving this prosperity. HB 194 will provide additional resources to Alaska's ARDOR by allowing corporate taxpayers to make a contribution and equal tax credit of \$10,000. This tax credit falls within the existing \$150,000 corporate tax credit limitation and therefore will not negatively impact the State's revenues.

We support the passage of HB 194 and thank you for your commitment to helping Alaska achieve its goal of economic prosperity.

Sincerely,

Rhonda Boyles, Mayor



Resource Conservation & Development Council

March 31, 2003

Representative Tom Anderson
State Capitol, Room 432
Juneau, AK 99801
Fax (907) 465-2418

Re: HB 194

Representative Anderson:

I would like to express our support for House Bill 194 "An Act creating a tax credit under the Alaska Net Income Tax Act for Contributions to regional development organizations".

This bill will encourage economic development in all regions of the state, and will increase our ability to raise funds from the private sector. Regional development organizations benefit both the public and private sector, and this legislation will assist in their ability to leverage sufficient local funds to meet prioritized needs.

If you have any questions regarding regional economic development in the Mat-Su, please do not hesitate to contact me at (907) 373-1062, extension 108.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Parker'.

Charles Parker
Executive Director



KPEDD



KENAI PENINSULA
ECONOMIC DEVELOPMENT DISTRICT, INC.

BUSINESS INNOVATION CENTER

Representative Tom Anderson
Alaska State House of Representatives
Alaska State Capitol
Juneau, AK 99801

April 1st, 2003

Re: Supporting House Bill 194

Dear Honorable Representative Anderson,

The Kenai Peninsula Borough Economic Development District ("EDD") has been an Alaskan Regional Development Organization ("ARDOR") since 1988. EDD provides economic development services throughout the Kenai Peninsula Borough that are consistent with the goals and objectives of the State of Alaska's regional economic assistance program. We are doing our part to encourage the private sector to create local jobs, leveraging public and private sector investment and assisting underserved communities with strategic planning. Our ultimate goal is to enhance the quality of life of our residents.

Enacting House Bill 194 as amended would be a huge benefit to the EDD and our financial supporters. It also would improve our endeavors leveraging state funds. Even though our corporate donors are generous, HB 194 would not only assist us greatly with possible larger donations but also securing more donations as well. With a state tax credit, donors would certainly be encouraged to contribute to our cause. Although ARDORs are well known for leveraging state funds (averaging 5:1), three out of the last four years EDD has operated in the red. There is certainly a need for such legislation.

It has been a pleasure to work with such a professional staff as yours. If EDD can assist you with HB 194, we certainly will.

Again, EDD greatly appreciates your effort with HB 194, and we undoubtedly want to see it become law.

Sincerely,

KENAI PENINSULA BOROUGH ECONOMIC DEVELOPMENT DISTRICT, Inc.

James S. Carter
Executive Director



prince william sound
**ECONOMIC
 DEVELOPMENT
 DISTRICT**

Chenega Bay
 Cordova
 Tatitlek
 Valdez
 Whittier

Rep. Tom Anderson
 Juneau, Alaska 99801

Dear Rep. Anderson:

On behalf of Prince William Sound Economic Development District, I would like to express our support for HB 194. This important legislative bill will provide tax incentives for corporate contributions to the Alaska Regional Development Organizations.

Prince William Sound Economic Development Council became a member of ARDOR in 1991. In 2001, PWSEDC became a federal Economic Development District. Funding for our projects comes from the State of Alaska, corporate contributions, and the Economic Development Administration.

ARDORs across Alaska provide a regional approach to responsible economic development. In Prince William Sound our projects since 1991 are various. Presently, with Valdez Fisheries Development Assoc., funding has been received for a state-of-the-art fish processing plant to serve the region's fishermen 12 months a year. They also received a State Mirror Grant to help provide safety training for fish processing machinery, marketing and business planning. We are currently helping the Whittier Museum Association obtain a Mini-grant to open a museum in Whittier this summer. Other projects range from spot shrimp population studies with NOAA and the Valdez Native Tribe to the Chenega Bay Residual oil clean up efforts. Ways to improve tourism in the Sound are being discussed, especially now that all ports in Alaska are National Scenic Byways.

As funding hasn't been increased at the State level for ARDORs, it would be very helpful to offer incentives for contributors with HB 194.

Sincerely,

Sue Cogswell
 Executive Director

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Co/Dept:	Co:		
Phone #	Phone #		
Fax # <i>465-2418</i>	Fax #		

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

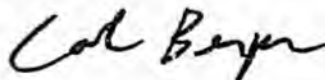
This letter is written in support of HB 194, which would provide tax credits for contributions by private entities to regional development organizations.

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

SOUTHWEST ALASKA
MUNICIPAL
CONFERENCE



3300 Arctic Boulevard, Suite 203
Anchorage, Alaska 99503

Phone: (907) 562-7380

Fax: (907) 562-0438

April 10, 2003

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

Dear Representative Anderson:

The Board of Directors of the Southwest Alaska Municipal Conference supports House Bill 194 and urges its passage by the Alaska State Legislature.

As an Alaska Regional Development Organization (ARDOR) since 1989, SWAMC has long served as a public-private partnership by leveraging limited state and federal funds with local municipal contributions and private-sector memberships. Hopefully, the passage of HB 194 will create additional benefit and incentive for private sector participation and membership in all ARDOR organizations.

It is difficult to gauge the impact of the regional development organization tax credit. During our discussion, the Board speculated that it seems most likely to benefit urban centers and the North Slope. Nonetheless, it provides a worthwhile incentive to the private sector, and we hope it will generate broad-based benefits to all regions of the state.

Thank you for introducing and championing this bill.

Sincerely,

A handwritten signature in black ink that reads "Alice A. Ruby". The signature is written in a cursive style.

Alice Ruby
President
Board of Directors

pc: Southwest Alaska Legislative Delegation

COPPER VALLEY ECONOMIC DEVELOPMENT COUNCIL, INC.

P.O. Box 9

Glennallen, Alaska 99588

Representative Tom Anderson
State Capitol
Juneau, Alaska 99801-1182

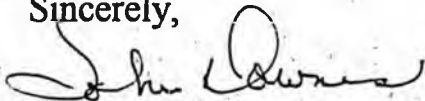
RE: HB194

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

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:

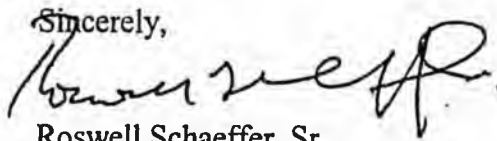
The Northwest Arctic Borough would like to convey full support for HB 194, "An Act creating a tax credit under the Alaska Net Income Tax Act for contributions to regional development organizations; and providing for an effective date." We are one of the recognized Alaska Regional Development Organizations (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



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



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

T: 907.338.3857

F: 907.338.3857



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.

425 G Street
Suite 800

Anchorage

Alaska 99501

907.274-7443 T

907.274.7407 F

www.kpb-alaska.com

Sincerely,

Mark E. Pfeffer
President/CEO



ANCHORAGE SAND and GRAVEL CO., INC.

1040 O'Malley Road • Anchorage, Alaska 99515 • Phone (907) 349-3333 • FAX (907) 344-2844

April 1, 2003

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

Dear Representative Anderson:

Upon reviewing HB 194, Anchorage Sand and Gravel Co., Inc., and our 175 employees, we 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 by providing a more diverse economy. 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 will have a positive impact on Economic Development. It will allow regional development organizations to more easily reach out to corporate taxpayers in their districts by suggesting that those corporate taxpayers contribute \$10,000 of their \$150,000 limit to local economic development efforts.

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

Sincerely,

Dale G. Morman
President

ASCG

INCORPORATED

March 21, 2003

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

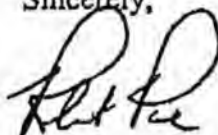
Representative Anderson:

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



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,

A handwritten signature in black ink, appearing to read "Evan J. Griffith", is written over a horizontal line. Below the signature, the name and title are printed.

Evan J. Griffith
General Manager

ALASKA STATE LEGISLATURE



SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

Senator Tom Wagoner, Chair

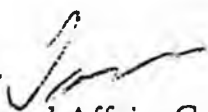
Official Business

Senator Robin Taylor, Vice-Chair
Senator Kim Elton
Senator Georgianna Lincoln
Senator Gary Stevens

State Capitol, Room 427
Juneau, AK 99801-1182
Phone: (907) 465-4989
Fax: (907) 465-4779

DATE: May 2, 2003

TO: Senate Secretary

FROM: Senator Tom Wagoner, Chair 
Senate Community and Regional Affairs Committee

RE: Meeting Schedule: May 7, 2003

May 5: 1:30 – 3:30pm: Fahrenkamp, Room #203

+ HB 194 REGIONAL DEVELOPMENT ORG TAX CREDIT

* First Hearing
+ Teleconferenced
++ Testimony by invitation only

AMENDMENT #1

OFFERED IN THE SENATE
TO: CSHB 194(L&C)

BY SENATOR WAGONER

- 1 Page 1, line 11, through page 2, line 3:
- 2 Delete all material.
- 3
- 4 Renumber the following bill sections accordingly.
- 5
- 6 Page 2, lines 12 - 19:
- 7 Delete all material.
- 8
- 9 Renumber the following bill sections accordingly.
- 10
- 11 Page 2, line 28, through page 3, line 4:
- 12 Delete all material.
- 13
- 14 Renumber the following bill sections accordingly.
- 15
- 16 Page 3, line 31, through page 4, line 5:
- 17 Delete all material.
- 18
- 19 Renumber the following bill sections accordingly.
- 20
- 21 Page 4, lines 12 - 17:
- 22 Delete all material.
- 23

Adopted 3/2 Taylor
YES: Wagoner, Stevens, B., Taylor
NO: LINCOLN, ELTON

1 Renumber the following bill sections accordingly.

2

3 Page 4, lines 24 - 29:

4 Delete all material.

5

6 Renumber the following bill sections accordingly.

7

8 Page 5, lines 5 - 10:

9 Delete all material.

10

11 Renumber the following bill sections accordingly.

12

13 Page 5, lines 17 - 23:

14 Delete all material.

15

16 Renumber the following bill sections accordingly.

17

18 Page 5, lines 29 - 30:

19 Delete all material and insert:

20 **** Sec. 11. This Act takes effect July 1, 2003.**"

Sponsor and/or Committee Name			Date
SCRA- Sen. Thomas Wagoner, Chair			MAY 5, 2003
Start/End Time	Chairing site	Juneau Room	Testimony
1:30 - 3:30	Juneau	CAP 203	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Invitational <input type="checkbox"/>
Contact Person and	Phone Number	Other sites may add?	Testimony Limit
Mary Jackson	465-4989	Yes	NO
Subject of meeting and/or Bills on agenda			

HB 194 - REG. NEW ORG TAX CREDIT

Sites - LIOs		Sites - Offnets	Phone #
Anchorage	<input checked="" type="checkbox"/>		
Barrow	<input type="checkbox"/>		
Bethel	<input type="checkbox"/>		
Cordova	<input type="checkbox"/>		
Delta Junction	<input type="checkbox"/>		
Dillingham	<input type="checkbox"/>		
Fairbanks	<input checked="" type="checkbox"/>		
Glennallen	<input type="checkbox"/>		
Homer	<input type="checkbox"/>		
Juneau	<input type="checkbox"/>		
Kenai	<input type="checkbox"/>		
Ketchikan	<input type="checkbox"/>		
Kodiak	<input type="checkbox"/>		
Kotzebue	<input type="checkbox"/>		
Matsu	<input type="checkbox"/>		
Nome	<input type="checkbox"/>		
Petersburg	<input type="checkbox"/>		
Seward	<input type="checkbox"/>		
Sitka	<input type="checkbox"/>		
Tok	<input type="checkbox"/>		
Valdez	<input type="checkbox"/>		
Wrangell	<input type="checkbox"/>		

Notes

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 194(L&C)
 (H) Publish Date: 4/8/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Regional Development BRU Revenue Operations
Organization Tax Credit Component Tax Division
 Sponsor Representative Anderson
 Requester House Labor and Commerce Component No. 2476

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 allows taxpayers to take a credit against their Alaska corporate income taxes of up to \$10,000 per year for cash contributions to a Regional Development Organization.

This legislation would not significantly reduce state revenues, in that any tax credits claimed under this new program would have to fall within the existing statutory \$150,000 limit on corporate income tax credits per year per taxpayer. It is possible, however, that a taxpayer could choose to contribute to this program and therefore reduce its contribution under an existing tax credit program to stay within the limit.

The Tax Division does not expect any significant increase in its operational expenses from the new tax credit in this legislation.

Prepared by: Mark Graber, Tax Division
 Division Tax Division
 Approved by: Larry Persily, Deputy Commissioner
 Agency Department of Revenue

Phone 269-6620
 Date/Time 4/3/03 2:46 PM
 Date 4/3/2003

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 194
H() Publish Date: 4/2/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Regional Development BRU Revenue Operations
Organization Tax Credit Component Tax Division
Sponsor Representative Anderson
Requester H. Community & Regional Affairs Component No. 2476

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 allows taxpayers to take a credit against their Alaska corporate income taxes of up to \$10,000 per year for cash contributions to a Regional Development Organization.

This legislation would not likely significantly reduce state revenues, in that any tax credits claimed under this new program would have to fall within the existing statutory \$150,000 limit on corporate income tax credits per year per taxpayer. It is possible, however, that a taxpayer could choose to contribute to this program and therefore reduce its contribution under an existing tax credit program.

The Tax Division does not expect any significant increase in its operational expenses from the new tax credit in this legislation.

However, the Division would need to adopt regulations because as drafted, the statute is very broad and ambiguous as to what would constitute a Regional Development Organization under this tax credit program. The regulations would need to answer such questions as what qualifies as a Regional Development Organization, does the purpose of the organization meet the intent of the legislation, and does the organization meet the "economic, political and social interests" as required in this bill? For example, would contributions to an organization dedicated to legalized casino gambling qualify under this legislation?

Prepared by: Mark Graber, Tax Division Phone 269-6620
Division Tax Division Date/Time 3/28/03 4:03 PM
Approved by: Larry Persily, Deputy Commissioner Date 3/28/2003
Agency Department of Revenue

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 194
(H) Publish Date: 4/2/03

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