

HB

367

26-LS1538P
Bullock
3/22/10

CS FOR HOUSE BILL NO. 367()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES MUÑOZ, Kelly, Peggy Wilson, Ramras

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to tax credits for cash contributions by taxpayers that are accepted for**
2 **certain educational purposes and facilities; and providing for an effective date."**

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

4 *** Section 1.** AS 21.06.110 is amended to read:

5 **Sec. 21.06.110. Director's annual report.** As early in each calendar year as is
6 reasonably possible, the director shall prepare and deliver an annual report to the
7 commissioner, who shall notify the legislature that the report is available, showing,
8 with respect to the preceding calendar year,

9 (1) a list of the authorized insurers transacting insurance in this state,
10 with a summary of their financial statement as the director considers appropriate;

11 (2) the name of each insurer whose certificate of authority was
12 surrendered, suspended, or revoked during the year and the cause of surrender,
13 suspension, or revocation;

14 (3) the name of each insurer authorized to do business in this state

1 against which delinquency or similar proceedings were instituted and, if against an
2 insurer domiciled in this state, a concise statement of the facts with respect to each
3 proceeding and its present status;

4 (4) a statement in regard to examination of rating organizations,
5 advisory organizations, joint underwriters, and joint reinsurers as required by
6 AS 21.39.120;

7 (5) the receipt and expenses of the division for the year;

8 (6) recommendations of the director as to amendments or
9 supplementation of laws affecting insurance or the office of director;

10 (7) statistical information regarding health insurance, including the
11 number of individual and group policies sold or terminated in the state; this paragraph
12 does not authorize the director to require an insurer to release proprietary information;

13 (8) the annual percentage of health claims paid in the state that meets
14 the requirements of AS 21.36.128(a) and (d); [AND]

15 (9) the total amount of contributions reported and the total
16 amount of credit claimed under AS 21.89.070 and 21.89.075; and

17 (10) other pertinent information and matters the director considers
18 proper.

19 * Sec. 2. AS 21.89.070(a) is amended to read:

20 (a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or
21 AS 21.66.110 for cash contributions accepted

22 (1) for direct instruction, research, and educational support purposes,
23 including library and museum acquisitions, and contributions to endowment, by an
24 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
25 four-year college accredited by a regional accreditation association;

26 (2) for secondary school level vocational education courses, [AND]
27 programs, and facilities by a school district in the state; [AND]

28 (3) for vocational education courses, programs, and facilities by a
29 state-operated vocational technical education and training school; and

30 (4) for a facility by a nonprofit, public or private, Alaska two-year
31 or four-year college accredited by a regional accreditation association.

1 * Sec. 3. AS 21.89.070(b) is amended to read:

2 (b) The amount of the credit is [THE LESSER OF

3 (1)] an amount equal to

4 (1) [(A)] 50 percent of contributions of not more than \$100,000;

5 (2) [AND (B)] 100 percent of the next \$100,000 of contributions; and

6 (3) 50 percent of the amount of contributions that exceed \$200,000

7 [OR

8 (2) 50 PERCENT OF THE TAXPAYER'S TAX LIABILITY UNDER

9 THIS TITLE].

10 * Sec. 4. AS 21.89.070(d) is amended to read:

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

12 (1) be the basis for a credit claimed [AS A CREDIT] under more
13 than one provision of this title; and

14 (2) when combined with contributions that are the basis for credits
15 taken during the taxpayer's tax year under AS 21.89.075, AS 43.20.014,
16 AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in
17 the total amount of credits exceeding \$5,000,000; if the taxpayer is a member of
18 an affiliated group, then the total amount of credits may not exceed \$5,000,000
19 for the affiliated group [EXCEED \$150,000].

20 * Sec. 5. AS 21.89.070(e) is amended by adding a new paragraph to read:

21 (3) "affiliated group" has the meaning given in AS 43.20.073.

22 * Sec. 6. AS 21.89.075(c) is amended to read:

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

24 (1) be the basis for a credit claimed [AS A CREDIT] under more
25 than one provision of this title;

26 (2) when combined with contributions that are the basis for credits
27 taken during the taxpayer's tax year under AS 21.89.070, AS 43.20.014,
28 AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in
29 the total amount of credits exceeding \$5,000,000; if the taxpayer is a member of
30 an affiliated group, then the total amount of credits may not exceed \$5,000,000
31 for the affiliated group; in this paragraph, "affiliated group" has the meaning

1 given in AS 43.20.073 [EXCEED \$150,000]; or

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

4 * **Sec. 7.** AS 43.05.010 is amended to read:

5 **Sec. 43.05.010. Duties of commissioner.** The commissioner of revenue shall

6 (1) exercise general supervision and direct the activities of the
7 Department of Revenue;

8 (2) supervise the fiscal affairs and responsibilities of the department;

9 (3) prescribe uniform rules for investigations and hearings;

10 (4) keep a record of all departmental proceedings, record and file all
11 bonds, and assume custody of returns, reports, papers, and documents of the
12 department;

13 (5) adopt a seal and affix it to each order, process, or certificate issued
14 by the commissioner;

15 (6) keep a record of each order, process, and certificate issued by the
16 commissioner, and keep the record open to public inspection at all reasonable times;

17 (7) hold hearings and investigations necessary for the administration of
18 state tax and revenue laws;

19 (8) except as provided in AS 43.05.405 - 43.05.499 and in
20 AS 44.64.030, hear and determine appeals of a matter within the jurisdiction of the
21 Department of Revenue and enter orders on the appeals that are final unless reversed
22 or modified by the courts;

23 (9) issue subpoenas to require the attendance of witnesses and the
24 production of necessary books, papers, documents, correspondence, and other things;

25 (10) order the taking of depositions before a person competent to
26 administer oaths;

27 (11) administer oaths and take acknowledgments;

28 (12) request the attorney general for rulings on the interpretation of the
29 tax and revenue laws administered by the department;

30 (13) call upon the attorney general to institute actions for recovery of
31 unpaid taxes, fees, excises, additions to tax, penalties, and interest;

1 (14) issue warrants for the collection of unpaid tax penalties and
2 interest and take all steps necessary and proper to enforce full and complete
3 compliance with the tax, license, excise, and other revenue laws of the state;

4 (15) report to the legislature before February 15 of each year the
5 total amount of contributions reported and the total amount of credit claimed
6 during the previous calendar year under AS 43.20.014, AS 43.55.019,
7 AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045 [REPEALED].

8 * Sec. 8. AS 43.20.014(a) is amended to read:

9 (a) A taxpayer is allowed a credit against the tax due under this chapter for
10 cash contributions accepted

11 (1) for direct instruction, research, and educational support purposes,
12 including library and museum acquisitions, and contributions to endowment, by an
13 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
14 four-year college accredited by a regional accreditation association;

15 (2) for secondary school level vocational education courses, [AND]
16 programs, and facilities by a school district in the state; [AND]

17 (3) for vocational education courses, programs, and facilities by a
18 state-operated vocational technical education and training school; and

19 (4) for a facility by a nonprofit, public or private, Alaska two-year
20 or four-year college accredited by a regional accreditation association.

21 * Sec. 9. AS 43.20.014(b) is amended to read:

22 (b) The amount of the credit is

23 (1) 50 percent of contributions of not more than \$100,000; [AND]

24 (2) 100 percent of the next \$100,000 of contributions; and

25 (3) 50 percent of the amount of contributions that exceed \$200,000.

26 * Sec. 10. AS 43.20.014(d) is amended to read:

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

28 (1) be the basis for a credit claimed [AS A CREDIT] under another
29 provision of this title;

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

1 (3) when combined with contributions that are the basis for credits
2 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019,
3 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
4 amount of credits exceeding \$5,000,000; if the taxpayer is a member of an
5 affiliated group, then the total amount of credits may not exceed \$5,000,000 for
6 the affiliated group [EXCEED \$150,000].

7 * Sec. 11. AS 43.20.014(e) is amended by adding new paragraphs to read:

8 (3) "affiliated group" has the meaning given in AS 43.20.073;

9 (4) "tax due under this chapter" means the tax due after application of
10 the credit allowed under AS 43.20.043 and before the application of any other credit
11 allowable under this chapter.

12 * Sec. 12. AS 43.55.019(a) is amended to read:

13 (a) A producer of oil or gas is allowed a credit against the tax due under this
14 chapter for cash contributions accepted

15 (1) for direct instruction, research, and educational support purposes,
16 including library and museum acquisitions, and contributions to endowment, by an
17 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
18 four-year college accredited by a regional accreditation association;

19 (2) for secondary school level vocational education courses, [AND]
20 programs, and facilities by a school district in the state; [AND]

21 (3) for vocational education courses, programs, and facilities by a
22 state-operated vocational technical education and training school; and

23 (4) for a facility by a nonprofit, public or private, Alaska two-year
24 or four-year college accredited by a regional accreditation association.

25 * Sec. 13. AS 43.55.019(b) is amended to read:

26 (b) The amount of the credit is

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

28 (2) 100 percent of the next \$100,000 of contributions; and

29 (3) 50 percent of the amount of contributions that exceed \$200,000.

30 * Sec. 14. AS 43.55.019(d) is amended to read:

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

1 (1) be the basis for a credit claimed [AS A CREDIT] under another
2 provision of this title; and

3 (2) when combined with contributions that are the basis for credits
4 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
5 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
6 amount of credits exceeding \$5,000,000; if the taxpayer is a member of an
7 affiliated group, then the total amount of credits may not exceed \$5,000,000 for
8 the affiliated group [EXCEED \$150,000].

9 * Sec. 15. AS 43.55.019(f) is amended by adding a new paragraph to read:

10 (3) "affiliated group" has the meaning given in AS 43.20.073.

11 * Sec. 16. AS 43.56.018(a) is amended to read:

12 (a) The owner of property taxable under this chapter is allowed a credit
13 against the tax due under this chapter for cash contributions accepted

14 (1) for direct instruction, research, and educational support purposes,
15 including library and museum acquisitions, and contributions to endowment, by an
16 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
17 four-year college accredited by a regional accreditation association;

18 (2) for secondary school level vocational education courses, [AND]
19 programs, and facilities by a school district in the state; [AND]

20 (3) for vocational education courses, programs, and facilities by a
21 state-operated vocational technical education and training school; and

22 (4) for a facility by a nonprofit, public or private, Alaska two-year
23 or four-year college accredited by a regional accreditation association.

24 * Sec. 17. AS 43.56.018(b) is amended to read:

25 (b) The amount of the credit is

26 (1) 50 percent of contributions of not more than \$100,000; [AND]

27 (2) 100 percent of the next \$100,000 of contributions; and

28 (3) 50 percent of the amount of contributions that exceed \$200,000.

29 * Sec. 18. AS 43.56.018(d) is amended to read:

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

31 (1) be the basis for a credit claimed [AS A CREDIT] under another

1 provision of this title; and

2 (2) when combined with contributions that are the basis for credits
3 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
4 AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
5 amount of credits exceeding \$5,000,000; if the taxpayer is a member of an
6 affiliated group, then the total amount of credits may not exceed \$5,000,000 for
7 the affiliated group [EXCEED \$150,000].

8 * Sec. 19. AS 43.56.018(e) is amended by adding a new paragraph to read:

9 (3) "affiliated group" has the meaning given in AS 43.20.073.

10 * Sec. 20. AS 43.65.018(a) is amended to read:

11 (a) A person engaged in the business of mining in the state is allowed a credit
12 against the tax due under this chapter for cash contributions accepted

13 (1) for direct instruction, research, and educational support purposes,
14 including library and museum acquisitions, and contributions to endowment, by an
15 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
16 four-year college accredited by a regional accreditation association;

17 (2) for secondary school level vocational education courses, [AND]
18 programs, and facilities by a school district in the state; [AND]

19 (3) for vocational education courses, programs, and facilities by a
20 state-operated vocational technical education and training school; and

21 (4) for a facility by a nonprofit, public or private, Alaska two-year
22 or four-year college accredited by a regional accreditation association.

23 * Sec. 21. AS 43.65.018(b) is amended to read:

24 (b) The amount of the credit is

25 (1) 50 percent of contributions of not more than \$100,000; [AND]

26 (2) 100 percent of the next \$100,000 of contributions; and

27 (3) 50 percent of the amount of contributions that exceed \$200,000.

28 * Sec. 22. AS 43.65.018(d) is amended to read:

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

30 (1) be the basis for a credit claimed [AS A CREDIT] under another
31 provision of this title; and

1 (2) when combined with contributions that are the basis for credits
2 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
3 AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total
4 amount of the credits exceeding \$5,000,000; if the taxpayer is a member of an
5 affiliated group, then the total amount of credits may not exceed \$5,000,000 for
6 the affiliated group [EXCEED \$150,000].

7 * Sec. 23. AS 43.65.018(e) is amended by adding a new paragraph to read:

8 (3) "affiliated group" has the meaning given in AS 43.20.073.

9 * Sec. 24. AS 43.75.018(a) is amended to read:

10 (a) A person engaged in a fisheries business is allowed a credit against the tax
11 due under this chapter for cash contributions accepted

12 (1) for direct instruction, research, and educational support purposes,
13 including library and museum acquisitions, and contributions to endowment, by an
14 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
15 four-year college accredited by a regional accreditation association;

16 (2) for secondary school level vocational education courses, [AND]
17 programs, and facilities by a school district in the state; [AND]

18 (3) for vocational education courses, programs, and facilities by a
19 state-operated vocational technical education and training school; and

20 (4) for a facility by a nonprofit, public or private, Alaska two-year
21 or four-year college accredited by a regional accreditation association.

22 * Sec. 25. AS 43.75.018(b) is amended to read:

23 (b) The amount of the credit is

24 (1) 50 percent of contributions of not more than \$100,000; [AND]

25 (2) 100 percent of the next \$100,000 of contributions; and

26 (3) 50 percent of the amount of contributions that exceed \$200,000.

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

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

29 (1) be the basis for a credit claimed [AS A CREDIT] under another
30 provision of this title; and

31 (2) when combined with contributions that are the basis for credits

1 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
2 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total
3 amount of the credits exceeding \$5,000,000; if the taxpayer is a member of an
4 affiliated group, then the total amount of credits may not exceed \$5,000,000 for
5 the affiliated group [EXCEED \$150,000].

6 * Sec. 27. AS 43.75.018(e) is amended by adding a new paragraph to read:

7 (3) "affiliated group" has the meaning given in AS 43.20.073.

8 * Sec. 28. AS 43.77.045(a) is amended to read:

9 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
10 a floating fisheries business is allowed a credit against the tax due under this chapter
11 for cash contributions accepted

12 (1) for direct instruction, research, and educational support purposes,
13 including library and museum acquisitions, and contributions to endowment, by an
14 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
15 four-year college accredited by a regional accreditation association;

16 (2) for secondary school level vocational education courses, [AND]
17 programs, and facilities by a school district in the state; [AND]

18 (3) for vocational education courses, programs, and facilities by a
19 state-operated vocational technical education and training school; and

20 (4) for a facility by a nonprofit, public or private, Alaska two-year
21 or four-year college accredited by a regional accreditation association.

22 * Sec. 29. AS 43.77.045(b) is amended to read:

23 (b) The amount of the credit is

24 (1) 50 percent of contributions of not more than \$100,000; [AND]

25 (2) 100 percent of the next \$100,000 of contributions; and

26 (3) 50 percent of the amount of contributions that exceed \$200,000.

27 * Sec. 30. AS 43.77.045(d) is amended to read:

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

29 (1) be the basis for a credit claimed [AS A CREDIT] under another
30 provision of this title; and

31 (2) when combined with contributions that are the basis for credits

1 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
2 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total
3 amount of the credits exceeding \$5,000,000; if the taxpayer is a member of an
4 affiliated group, then the total amount of credits may not exceed \$5,000,000 for
5 the affiliated group [EXCEED \$150,000].

6 * Sec. 31. AS 43.77.045(e) is amended by adding a new paragraph to read:

7 (3) "affiliated group" has the meaning given in AS 43.20.073.

8 * Sec. 32. This Act takes effect January 1, 2011.

Noah Hanson

From: David Woodley [dswoodley@alaska.edu]
Sent: Thursday, March 25, 2010 12:38 PM
To: Noah Hanson
Subject: UA Foundation giving numbers
Attachments: Rep Gardner Numbers.xls; ATT00001.htm

Hi Noah,

attached is a short spreadsheet I have put together to hopefully answer some of your requests.

The spreadsheet shows three things:

- 1) Total Contributions by organizations
- 2) Total Contributions by oil companies
- 3) Needs funded by oil companies

A few caveats -

A) The data is only from FY93 forward. Anything earlier and the records in the database start looking very incomplete. The information exists, but only in a bunch of crates up in Fairbanks.

B) Likely not all oil companies were included in the data pull. As a general practice we don't always code every organization with some sort of NAICS code. We think we tagged all the big ones, but it's entirely possible that we missed some lesser known ones.

The needs of the university that were funded are arranged by designations for our 1400+ funds. Let me know if you have any questions regarding the classifications. In short...

Faculty Chairs = Endowments for Faculty Position Funding

Facilities = bricks and mortar

Non Foundation Gifts = gifts to the university directly (we don't know what they were used for)

Program Support = operating costs for programs

Scholarships = student support

Undesignated = donor gave no designation, gifts can be used for any purpose

Unfortunately we have no way of telling if gifts from organizations were specifically to take advantage of the Education Tax Credit. We have only 5 such donors identified as such in our database. Only the Department of Revenue can provide that info, which they say cannot be shared with us.

This about the best we can do on short notice, but if you have any other questions, we can certainly try to answer them.

-David

Total Giving to UA from Organizations***Approximate Total Giving By
Petroleum Organizations****

FY93	\$1,078,884	\$64,800
FY94	\$2,008,855	\$40,200
FY95	\$1,848,564	\$51,700
FY96	\$2,332,524	\$35,991
FY97	\$3,397,658	\$62,175
FY98	\$8,618,616	\$143,040
FY99	\$5,415,222	\$104,158
FY00	\$13,936,342	\$151,450
FY01	\$35,284,688	\$6,943,805
FY02	\$10,785,401	\$4,036,560
FY03	\$13,316,123	\$3,512,800
FY04	\$12,388,021	\$4,451,850
FY05	\$12,388,021	\$5,587,827
FY06	\$16,514,213	\$7,177,425
FY07	\$15,897,599	\$7,809,600
FY08	\$27,604,426	\$17,377,405
FY09	\$27,599,564	\$8,980,616

* Run using CASE standards (Cash Gifts, pledges, matching cash gifts)

** All Petroleum Organizations may not be represented

Petroleum Organization Gifts Purposes (1993-2009)

Faculty Chairs	\$1,100,000
Facilities	\$4,000,000
Non-Foundation Gift (gift to the university)	\$818,888
Program Support	\$15,280,242
Scholarships	\$258,475
Scholarships and Program Support	\$84,866
Undesignated	\$44,981,434



ANCSA REGIONAL ASSOCIATION
Bringing Together Regional Corporation Presidents and CEOs

PO Box 240766 • Anchorage, AK 99524 • 907 339 6052

December 22, 2008

Mr. Mark R. Hamilton, President
University of Alaska Statewide System
President's Office
Suite 202 Butrovich Building
Fairbanks, Alaska 99775

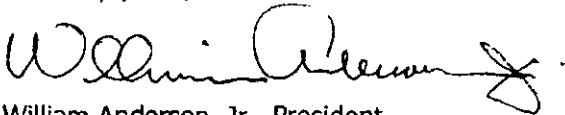
Dear President Hamilton:

On behalf of the ANCSA Regional Association, I am pleased to transmit the enclosed resolution.

The presidents and chief executive officers of the regional Alaska Native Corporations voted unanimously in support of this initiative to strengthen our corporations' ties with Alaska's university system. We appreciate your encouraging response to our invitation to discuss this initiative on November 18th, 2008 and we look forward to working closely with you and other university leaders to build on the good work already being done all across the state.

The opportunities afforded by this initiative to enhance our mutual interests are enormous. We stand ready to take the next step with you.

Sincerely yours,



William Anderson, Jr., President
ANCSA Regional Association

**ANCSA Regional Association
Resolution 08-01**

IN SUPPORT OF ALASKA NATIVE EDUCATION

WHEREAS: The ANCSA Regional Association (the Association) has as its members the Presidents and CEOs of the Alaska Native Regional Corporations; and

WHEREAS: The Regional Corporations represent Alaska Natives and their descendents enrolled with each individual organization who strive to provide meaningful benefits in the form of dividends, education and training, job opportunities, cultural preservation and land management as the largest private landowners in Alaska. The Regional Corporations collectively represent the economic interest of over 100,000 Alaska Native people; the Regional Corporations are among the largest Alaskan-owned businesses, employ thousands of Alaskans; and generate significant benefits to the Alaskan economy; and

WHEREAS: In a short period of 35 years since ANCSA was adopted, our people have developed the skills and vision to enable and empower current and future generations the ability to run these organizations successfully; and

WHEREAS: The University of Alaska—through its three universities and 13 community campuses—has been the sole provider of public higher education in Alaska since 1917 offering more than 500 academic programs ranging from certificates to doctoral degrees. These programs include training and research in subjects of special importance to Alaska Natives because of their cultural relevance and their contribution to political, social, and economic opportunity. And the University reaches out to encourage and to prepare young people to continue their education and career development. In 2007, the University enrolled over 4,000 Alaska Native Students; and

WHEREAS: The University of Alaska has created strong statewide initiatives in recent years to provide needed research, curriculum, and outreach programs in close partnership with the health, process technology, energy, mining, transportation, and other important Alaska industries. These programs meet critical workforce development needs, provide answers to Alaska's problems, and attract new students;

WHEREAS: Communication and collaboration with the University of Alaska will strengthen Alaska's Native Corporations and their shareholders—enhancing competitive capacity while increasing opportunities in high demand occupations in Alaska—as well as enrich the University of Alaska and its programs and services;

NOW THEREFORE BE IT RESOLVED that the Association recognizes the importance of education for our people and supports development of classes, programs and a better working relationship with the University of Alaska; and

**ANCSA Regional Association
Resolution 08-01**

(Page 2)

BE IT FURTHER RESOLVED that the Association supports the formation of an Alaska Native Education and Research Council, which will:

- ♦ Develop—in partnership with the President of the University of Alaska—a program that identifies, prioritizes, and supports such activities as vocational and technical training, university academic curriculum, research, community outreach, endowed chairs, and other mutually determined activities that would meet the needs and serve the interests of the Alaska Native Corporations and the University;
- ♦ Provide funding in support of the program developed above; and
- ♦ Annually evaluate program progress and reprioritize activities as appropriate.

BE IT FURTHER RESOLVED that the following are examples of the activities that could be developed to promote current and future programs, classes, and an environment to enhance education of our Alaska Native people:

- ♦ A series of courses and areas of ANCSA emphasis within the University of Alaska's business management and public administration programs, including but not limited to MBA or MPA degree programs;
- ♦ Focused outreach programs using innovative technologies that improve student readiness for success in higher education and in their subsequent careers;
- ♦ Possible short courses for contracting (tribal and 8a and others);
- ♦ Degree completion and executive programs designed for working people which recognize academic credit for professional experience;
- ♦ Programs that support Alaska Native arts, culture, history, and languages;
- ♦ Facilities for housing ANCSA papers and historic documents;
- ♦ Endowed faculty chairs;
- ♦ Conferences for the exploration of the role of Alaska Natives in Statehood; and
- ♦ Research on the economic impact of ANCSA Corporations.

ADOPTED AND DATED December 17, 2008.

Board of Directors
ANCSA Regional Association


President

12/22/2008
Date

**ALASKA NATIVE REGIONAL CORPORATIONS
HIGHER EDUCATION PRIORITIES
AUGUST 2009**

Evaluation Criteria

- responding to ANC workforce needs
- strengthening ANC management and governance
- contributing to shareholder success
- increasing broader knowledge about ANCs
- serving ANC cultural interests
- maximizing impact through use of technology and other means

Project	Description	Priority
ANCSA course - web based	Inform students about ANCSA, increase visibility of ANCs <ul style="list-style-type: none"> • Content would include history, culture, politics, economics • Modify existing, already approved course • Preferably web-based, self-paced with rich content (video, archive documents) • Could be targeted to enrolled students or new employees of ANCs 	HIGH
ANCSA course - GER	Inform students (degree seeking or not) about ANCSA, increase visibility of ANCs <ul style="list-style-type: none"> • Content would include history, culture, politics, economics • Face to face course, could be used as a General Education Requirement (GER) • Would expose a large number of undergraduates to ANCs 	HIGH
Increase tax credit	Diversify funding, increase private funding, strengthen partnerships, increase exposure <ul style="list-style-type: none"> • Current tax credit value maximized at contribution of \$150,000 • Increase tax credit to 50% of contribution 	HIGH
Executive MBA	Enable working professionals to obtain MBAs without interrupting career or family life. Top business schools in the nation offer Executive MBA programs, which feature: <ul style="list-style-type: none"> • Top quality curriculum and faculty • A cohort model, resulting in high student success and career long networks • Schedule designed for working people • Use of guest faculty and practitioners, providing real world perspectives and networking opportunities 	HIGH
ANCSA conferences	Expand knowledge of ANCSA history, issues, impacts, and opportunities <ul style="list-style-type: none"> • ANC leaders and scholars can provide learning opportunities for students and the broader public • UA scholars and students can use as forums for presentation and later publication • ANCs receive recognition, become familiar to students and potential employees 	HIGH
High School outreach camps	Build on highly successful pre-college summer programs (RAHI, ANSEP) <ul style="list-style-type: none"> • Offer dual credit with high schools • Possibly link with sports programs and internships 	HIGH
Self-paced developmental courses	Improve student preparedness and success through IT enabled self-paced courses <ul style="list-style-type: none"> • Faculty design courses for delivery in learning centers with long hours accessible to high school students (dual credit), working people, etc., through self-paced on-line technology, with advanced students serving as on-site course guides • Highly successful examples have improved student performance and reduced cost 	MEDIUM
Alaska Native Arts	Expand course and program offerings <ul style="list-style-type: none"> • Focus on development of high value arts and crafts • Support the development of new accomplished Native artists 	MEDIUM
Short courses for ANCs and tribes	Provide highly practical short training programs, e.g., grant writing and 8(a) <ul style="list-style-type: none"> • Could be delivered on-site • Tailored to each company's specific needs and interests 	MEDIUM

**ALASKA NATIVE REGIONAL CORPORATIONS
HIGHER EDUCATION PRIORITIES
AUGUST 2009 (2)**

Project	Description	Priority
Political support	Provide support for University system priorities <ul style="list-style-type: none"> • State budget: program funding • Land grant legislation 	MEDIUM
Cooperative education programs	Improve knowledge of employment opportunities for students and employers <ul style="list-style-type: none"> • E.g., UAF Management School has proposed a 4 year program in which students spend 3 full semesters with 3 different employers • Experience with employers is for credit and integrated with the academic program • Common in engineering and business programs 	MEDIUM
Career Pathways	Show shareholders educational pathways for major job groups for each ANC <ul style="list-style-type: none"> • University staff will take occupational data from each ANC, focus on high demand job categories and create educational pathway materials • Materials can be distributed widely to shareholders and others about the tracks, in terms of education and training needed, increasing number of prepared applicants • Can be used as an effective advising tool to prepare shareholders for existing jobs 	MEDIUM
ANCSA CEO in residence	Provide students and faculty insights on leadership of ANCs <ul style="list-style-type: none"> • CEO would be available for a certain time period (semester or year) • CEO would visit classes, make presentations, advise faculty and mentor students • CEO could be interviewed for ANCSA and/or ANC corporate history 	MEDIUM
Visiting lecturers	Support visits of experts to campus <ul style="list-style-type: none"> • Bring new/outside perspectives to campus, students, and faculty • Draw members of the community onto campus 	MEDIUM
Board of Directors' training	Strengthen leadership capabilities of board directors (Profit and non-profit) <ul style="list-style-type: none"> • UA experts provide training in fields such as governance, finance, strategy, human resources 	MEDIUM
Histories of ANCSA Leaders and Corporations	Make available histories of ANCSA leaders for use in curriculum, research <ul style="list-style-type: none"> • University faculty and students would conduct and record interviews- likely in high definition video • Text, video, etc., could be used in web-based and face to face classes • Way to formally preserve history for future generations of shareholders, teachers and historians 	MEDIUM
Collection of historic documents, images	Collect, preserve and archive papers and images of early land claims battles and development of the corporations <ul style="list-style-type: none"> • Collect this material before it is lost • Revisited in designated sections of libraries which create visibility for the collections 	MEDIUM
Support Alaska Native Scholars	Provide support for Alaska Natives who are pursuing academic excellence in their disciplines <ul style="list-style-type: none"> • Increases the number of Alaska Natives with advanced degrees • Strengthens diversity among the faculty 	MEDIUM
Provide scholarships in selected fields	Create an educated workforce in areas of importance to the ANCs <ul style="list-style-type: none"> • Provide funding in targeted fields, those of high priority to the ANCs • Flexible in terms of funding, from an annual contribution to an endowment • Can change fields as ANC needs change • Supports connection between scholarship and UA 	MEDIUM
Facility purchase, construction, operation	Provide facilities (building, lecture halls, galleries, conference rooms, residence halls, labs) <ul style="list-style-type: none"> • Funding to provide facilities would support added capacity, services • Would provide alternative to public funding • Would provide opportunity for naming, outreach 	LOW
Endow faculty chairs	Establish faculty positions with stable funding insulated from competing funding pressures <ul style="list-style-type: none"> • UA has very few compared to other universities • Provide funding stability, earnings off invested principal • Can be set up as a term appointment (1 year, 3 years, 5 years) • \$4-5 million (approx. depending on academic field) required to establish 	LOW

**Chair and Secretary of the Board of Regents to sign the resolution.
This motion is effective February 17, 2009."**

The Board of Regents regularly passes a resolution specifying certain university officers as being authorized to execute investment and banking transactions for the University of Alaska. Because of changes in members of the board, a current resolution is necessary in order to execute timely investment and banking transactions.

I. Approval of Resolution in Support of Alaska Native Education

Regent Martin moved, seconded by Regent Cowell, and passed that:

PASSED

"The Board of Regents approves the resolution in support of Alaska Native Education as presented. This motion is effective February 18, 2009."

WHEREAS: The University of Alaska—through our three universities and 13 community campuses—has been the sole provider of public higher education in Alaska since 1917, offering more than 500 academic programs ranging from occupational endorsement certificates to doctoral degrees. These programs include training and research in subjects of special importance to Alaska Natives because of their contribution to economic, political, and social opportunity and their cultural relevance. As well, the University reaches out to encourage and to prepare young people to continue their education and career development. In fall 2008, the University enrolled more than 32,000 students, of which 4,300 were Alaska Natives; and

WHEREAS: The University has increased Alaska Native degree achievement by 108 percent this last decade and hopes to achieve another 100 percent increase in the decade ahead; and

WHEREAS: The University has created strong statewide initiatives in recent years to provide needed research, curriculum, and outreach programs in close partnership with the health, process technology, energy, mining, transportation, and other important Alaska industries. These programs meet critical workforce development needs, provide answers to Alaska's problems, and attract new students; and

WHEREAS: The Alaska Native Corporation Regional Association (the Association) has as its members the Presidents and CEOs of the Alaska Native Regional Corporations. These corporations represent Alaska Natives and their descendents enrolled with each individual organization

who strive to provide meaningful benefits in the form of dividends, education and training, job opportunities, cultural preservation and land management as the largest private landowners in Alaska; and

WHEREAS: The Regional Corporations collectively represent the economic interests of over 100,000 Alaska Native people; the Regional Corporations are among the largest Alaskan-owned businesses, employ thousands of Alaskans, and generate significant benefits to the Alaskan economy. In a short period of 35 years since ANCSA was adopted, Alaska Native people have developed the skills and vision to enable and empower current and future generations the ability to run these organizations successfully; and

WHEREAS: Communication and collaboration with Alaska's Native Corporations will enrich the University of Alaska and its programs and services while strengthening the Alaska Native Corporations' competitive capacity; and

WHEREAS: On December 17, 2008, the Association passed a unanimous resolution in support of the formation of an Alaska Native Education and Research Council, which will:

- ♦ Develop—in partnership with the Alaska Native Corporation CEOs—a program that identifies, prioritizes, and supports such activities as vocational and technical training, university academic curriculum, research, community outreach, endowed chairs, and other mutually determined activities that would meet the needs and serve the interests of the Alaska Native Corporations and the University;
- ♦ Provide funding in support of the program developed above; and
- ♦ Annually evaluate program progress and reprioritize activities as appropriate.

NOW THEREFORE BE IT RESOLVED that the Board of Regents appreciates the action taken by the Association and strongly supports the formation of an Alaska Native Education and Research Council as proposed by the Association; and

BE IT FURTHER RESOLVED that the President of the University should take what actions he determines appropriate to further the mutual interests of the University and the Alaska Native Corporations through this Council; and

BE IT FURTHER RESOLVED that this resolution be appropriately engrossed, with a copy to be incorporated in the official minutes of the February 17-19, 2009 meeting of the Board of Regents.



Hecla Greens Creek Mining Company
P.O. Box 32199
Juneau, Alaska 99803

March 19, 2010

To Whom It May Concern:

This letter will confirm the support of Hecla Greens Creek Mining Company for HB 367, a bill relating to education tax credit sponsored by Representative Cathy Munoz.

The Greens Creek Mine is located within the City and Borough of Juneau; and with 330 employees it is the city's largest private sector employer.

Private support of vocational and higher education helps provide a margin of excellence when preparing the Alaskan workforce of tomorrow. Partnerships between these learning centers and the private sector improve the quantity and quality of workers available to meet the present and future demands of Greens Creek and other employers in the state.

Vocational and higher education institutions are outstanding community resources that enhance and diversify Alaska's economy. The changes to tax credits as proposed in HB 367 further incentivize private donors to create additional opportunities for teaching, learning and services that would not otherwise be possible.

A trained and skilled Alaskan workforce is essential to meet the demands of a growing state economy. With the HB 367 tax credits in place, the private sector could provide even more help in meeting those demands. Please support Representative Munoz in her efforts to secure passage of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Plantz", with a long horizontal stroke extending to the right.

Ron Plantz
Human Resources Manager

STATE OF ALASKA

DEPARTMENT OF REVENUE

Tax Division

Sean Parnell, Governor

□ State Office Building
PO Box 110420
Juneau, AK 99811-0420
907.465.2320

* 550 W Seventh, Suite 500
Anchorage, AK 99501-3566
907.269.6620

www.tax.state.ak.us

March 16, 2010

The Honorable Paul Seaton, Chair
House Education Committee
House of Representatives
Capitol Building Room 102
Juneau, Alaska 99811

Re: HB 367

Dear Chairman Seaton and Committee Members:

During the last meeting of the House Education Committee, we were asked to provide the following information regarding the Alaska Education Credit:

1. The tax effect of a contribution for which an Income Tax Education Credit may be claimed, under two scenarios:
 - a. Charitable contribution is claimed
 - b. Income Tax Education Credit is claimed
2. Two scenarios demonstrating the difference in ordering credits.
3. Alaska Education Tax Credits claimed in the Fiscal Years 2007--2009
4. Any technical suggestions

Please find attached several worksheets that answer the questions posed. On Attachment 1, we have provided a comparison of claiming a charitable contribution to claiming a credit for a contribution to university.

Attachments 2 and 3 are provided to show the difference resulting from alternatives in credit ordering. Attachment 2 assumes that the Income Tax Education Credit is prioritized over the

Film Production Tax Credit. Attachment 3 assumes that the Film Production Tax Credit is prioritized over the Income Tax Education Credit.

Ordering of credits is clearly a policy decision. From a technical standpoint, it is important that the policy be made clear. Alaska statute currently requires that the Gas Exploration & Development Credit (AS 43.20.043) be applied against the corporate income tax first, before all other credits. However, Alaska statute is silent on how other credits are applied. On Attachment 6, we have provided some alternative language for lawmakers to consider.

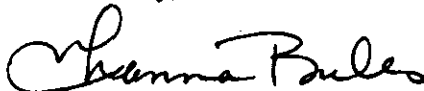
Our second suggestion concerns the application of the Education Credit. Current law restricts the credit to \$150,000 per "taxpayer." In the area of income tax, it is unclear whether this refers to an individual corporation, or to the group of corporations where there is an affiliated group. AS 43.20.340(10) defines "taxpayer" as "a person [corporation] subject to a tax imposed by this chapter." Where there is an affiliated group of taxpayers, they may file one consolidated tax return. For example, if a multi-state oil company is doing business in Alaska, it commonly has separate corporations for its E&P operations, its marketing operations, and its transportation operations. Such a company commonly files a single consolidated Alaska tax return. It is unclear whether there is one \$150,000 credit allowed for a consolidated tax return, or multiple \$150,000 credits allowed for each member represented in the consolidated return. Hearing minutes from the year the credit was initially enacted indicate that the credit limit was intended to apply per corporate group and not to individual taxpayers within the group. It would be helpful to have this clarified in statute. Attachment 6 also presents some language to clarify this.

Attachment 4 shows the Education Credits claimed for the last three fiscal years. Please note that these statistics are provided based on tax returns filed during each fiscal year. Thus, the FY09 statistics include most of the income tax returns filed for the calendar year 2007 and any fiscal year tax returns filed during FY09.

Attachment 5 shows the contributions upon which the Education Credits were claimed for each respective fiscal year. Please note that these statistics are based on the tax returns, as filed, and do not include any similar contributions for which a taxpayer may have claimed a charitable contribution, rather than claiming a credit.

Thank you for the opportunity to provide this information.

Sincerely,



Johanna Bales
Deputy Director, Tax Division

Purpose: To compare the tax benefit of an income tax "deduction" to the benefit of a "credit" for contribution of \$50,000,000 to a university

A deduction is an expense taken to reduce total taxable income.

A credit reduces income tax directly.

		deduction	credit
Gross income	A	300,000,000	300,000,000
Expenses:			
Other expenses		10,000,000	10,000,000
Deduction for contribution to university	B	<u>50,000,000</u>	<u> </u>
Total expenses	C	60,000,000	10,000,000
Taxable income	A - C	<u>240,000,000</u>	<u>290,000,000</u>
Tax rate		<u>* 9.4%</u>	<u>* 9.4%</u>
Tax		22,560,000	27,260,000
Credit		<u>0</u>	B * 50% <u>(25,000,000)</u>
Tax after credit		<u><u>22,560,000</u></u>	<u><u>2,260,000</u></u>

This analysis examines the benefit of the next marginal contribution after \$200,000.

Assumptions:

- charitable contribution is not limited by taxable income limit.
- highest marginal tax rate
- company does all of its business in Alaska

Purpose: to compare ordering of credits

Priority: Income Tax Education Credit

Assumptions:

company does business only in Alaska

		available credits	tax application limit	carryover
Income Tax Education Credit	AS 43.20.014	1,000,000	no limit	no carryover
Gas Exploration & Development Tax Credit	AS 43.20.043	1,000,000	50% tax	5 year carryover
Film Production Tax Credit	AS 43.98.030	1,000,000	no limit	3 year carryover
Total potential credits		<u>3,000,000</u>		

** AS 43.20.043(c) requires application first of Gas Exploration & Development Tax Credit

Scenario 1: apply Income Tax Education Credit next

Tax before credits	(assumed)	1,200,000
Gas Exploration & Development Tax Credit	(limited to 50% tax)	(600,000)
Income Tax Education Credit		(600,000)
Tax after credits:		<u>0</u>

Credits utilized

Gas Exploration & Development Tax Credit	600,000
Income Tax Education Credit	600,000
Total credit utilized	<u>1,200,000</u>

Credits lost

Income Tax Education Credit	400,000
Total credits lost	<u>400,000</u>

Credits available for future utilization

Gas Exploration & Development Tax Credit	400,000
Film Production Tax Credit	1,000,000
Total credits available for future utilization	<u>1,400,000</u>

Purpose: to compare ordering of credits
Priority: Film Production Tax Credit

Assumptions:
 company does business only in Alaska

		available credits	tax application limit	carryover
Income Tax Education Credit	AS 43.20.014	1,000,000	no limit	no carryover
Gas Exploration & Development Tax Credit	AS 43.20.043	1,000,000	50% tax	5 year carryover
Film Production Tax Credit	AS 43.98.030	1,000,000	no limit	3 year carryover
Total potential credits		<u>3,000,000</u>		

** AS 43.20.043(c) requires application first of Gas Exploration & Development Tax Credit

Scenario 2: apply Film Production Tax Credit next

Tax before credits	(assumption)	1,200,000
Gas Exploration & Development Tax Credit	(limited to 50% tax)	(600,000)
Film Production Tax Credit		(600,000)
Tax after credits:		<u>0</u>

Credits utilized/monetized

Gas Exploration & Development Tax Credit	600,000
Film Production Tax Credit	600,000
Total credit utilized	<u>1,200,000</u>

Credits lost

Income Tax Education Credit	1,000,000
Total credits lost	<u>1,000,000</u>

Credits available for future utilization

Gas Exploration & Development Tax Credit	400,000
Film Production Tax Credit	400,000
Total credits available for future utilization	<u>800,000</u>

**Alaska Education Tax Credit
Credits Claimed
FY 07-09**

<u>Tax Type</u>	FY 09	FY 08	FY 07
Corporate Income Tax	1,064,019	1,314,499	1,196,972
Insurance Premiums Tax	450,000	425,000	300,000
Fishery Resource Landing Tax	150,000	1,050,000	1,200,000
Mining License Tax	0	10,814	250,626
Fisheries Business Tax	450,000	450,000	300,000
Total Education Tax Credit claimed	2,114,019	3,250,313	3,247,598

Contributions generating Alaska Education Tax Credit

FY 07-09

<u>Tax Types</u>	FY 09	FY 08	FY 07
Corporate Income Tax	1,624,326	5,197,425	5,047,485
Insurance Premiums Tax	600,000	575,000	400,000
Fishery Resource Landing Tax	200,000	1,400,000	1,600,000
Mining License Tax	0	21,628	391,802
Fisheries Business Tax	600,000	200,000	200,000
Total contributions for Education Tax Credit	3,024,326	7,394,053	7,639,287

** Note: These amounts do not include contributions that would have enjoyed the Education Tax Credit, but for which taxpayer did not claim a credit, but claimed a deduction instead.

Letter to House Education Committee
March 16, 2010
Attachment 6

Suggested edits for HB 367

If intent is to prioritize Education Credit before other credits:

A new paragraph:

AS 43.20.014(e)(2) "tax due under this chapter" means the tax liability after application of the credit under AS 43.20.043 and before application of any other credits allowable under this chapter.

To clarify taxpayer credit limit:

Amend AS 43.20.014(d)(3)

(3) when combined with credits taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, exceed \$150,000. **If the taxpayer is a member of an affiliated group, then the credit may not exceed \$150,000 for the affiliated group.**

Add a new paragraph:

AS 43.20.014(e)(3) "affiliated group" means a group of two or more corporations in which 50 percent or more of the voting stock of each member of the group is directly or indirectly owned by one or more corporate or noncorporate common owners, or by one or more of the members of the group.

Similar language to be added in AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045

26-LS1538\E
Bullock
3/11/10

CS FOR HOUSE BILL NO. 367()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MUÑOZ, Kelly, Peggy Wilson, Ramras

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to tax credits for cash contributions by taxpayers that are accepted for**
2 **certain educational purposes and facilities; and providing for an effective date."**

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

4 *** Section 1. AS 21.06.110 is amended to read:**

5 **Sec. 21.06.110. Director's annual report.** As early in each calendar year as is
6 reasonably possible, the director shall prepare and deliver an annual report to the
7 commissioner, who shall notify the legislature that the report is available, showing,
8 with respect to the preceding calendar year,

9 (1) a list of the authorized insurers transacting insurance in this state,
10 with a summary of their financial statement as the director considers appropriate;

11 (2) the name of each insurer whose certificate of authority was
12 surrendered, suspended, or revoked during the year and the cause of surrender,
13 suspension, or revocation;

14 (3) the name of each insurer authorized to do business in this state

1 against which delinquency or similar proceedings were instituted and, if against an
2 insurer domiciled in this state, a concise statement of the facts with respect to each
3 proceeding and its present status;

4 (4) a statement in regard to examination of rating organizations,
5 advisory organizations, joint underwriters, and joint reinsurers as required by
6 AS 21.39.120;

7 (5) the receipt and expenses of the division for the year;

8 (6) recommendations of the director as to amendments or
9 supplementation of laws affecting insurance or the office of director;

10 (7) statistical information regarding health insurance, including the
11 number of individual and group policies sold or terminated in the state; this paragraph
12 does not authorize the director to require an insurer to release proprietary information;

13 (8) the annual percentage of health claims paid in the state that meets
14 the requirements of AS 21.36.128(a) and (d); [AND]

15 (9) the total amount of contributions reported and the total
16 amount of credit claimed under AS 21.89.070 and 21.89.075; and

17 (10) other pertinent information and matters the director considers
18 proper.

19 * Sec. 2. AS 21.89.070(a) is amended to read:

20 (a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or
21 AS 21.66.110 for cash contributions accepted

22 (1) for direct instruction, research, and educational support purposes,
23 including library and museum acquisitions, and contributions to endowment, by an
24 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
25 four-year college accredited by a regional accreditation association;

26 (2) for secondary school level vocational education courses, [AND]
27 programs, and facilities by a school district in the state; [AND]

28 (3) for vocational education courses, programs, and facilities by a
29 state-operated vocational technical education and training school; and

30 (4) for a facility by a nonprofit, public or private, Alaska two-year
31 or four-year college accredited by a regional accreditation association.

1 * **Sec. 3.** AS 21.89.070(b) is amended to read:

2 (b) The amount of the credit is [THE LESSER OF

3 (1)] an amount equal to

4 (1) [(A)] 50 percent of contributions of not more than \$100,000;

5 (2) [AND (B)] 100 percent of the next \$100,000 of contributions; and

6 (3) 50 percent of the amount of contributions that exceed \$200,000

7 [OR

8 (2) 50 PERCENT OF THE TAXPAYER'S TAX LIABILITY UNDER

9 THIS TITLE].

10 * **Sec. 4.** AS 21.89.070(d) is amended to read:

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

12 (1) be the basis for a credit claimed [AS A CREDIT] under more
13 than one provision of this title; and

14 (2) when combined with contributions that are the basis for credits
15 taken during the taxpayer's tax year under AS 21.89.075, AS 43.20.014,
16 AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in
17 the total amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

18 * **Sec. 5.** AS 21.89.075(c) is amended to read:

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

20 (1) be the basis for a credit claimed [AS A CREDIT] under more
21 than one provision of this title;

22 (2) when combined with contributions that are the basis for credits
23 taken during the taxpayer's tax year under AS 21.89.070, AS 43.20.014,
24 AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in
25 the total amount of credits exceeding \$25,000,000 [EXCEED \$150,000]; or

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

28 * **Sec. 6.** AS 43.05.010 is amended to read:

29 **Sec. 43.05.010. Duties of commissioner.** The commissioner of revenue shall

30 (1) exercise general supervision and direct the activities of the
31 Department of Revenue;

- 1 (2) supervise the fiscal affairs and responsibilities of the department;
- 2 (3) prescribe uniform rules for investigations and hearings;
- 3 (4) keep a record of all departmental proceedings, record and file all
- 4 bonds, and assume custody of returns, reports, papers, and documents of the
- 5 department;
- 6 (5) adopt a seal and affix it to each order, process, or certificate issued
- 7 by the commissioner;
- 8 (6) keep a record of each order, process, and certificate issued by the
- 9 commissioner, and keep the record open to public inspection at all reasonable times;
- 10 (7) hold hearings and investigations necessary for the administration of
- 11 state tax and revenue laws;
- 12 (8) except as provided in AS 43.05.405 - 43.05.499 and in
- 13 AS 44.64.030, hear and determine appeals of a matter within the jurisdiction of the
- 14 Department of Revenue and enter orders on the appeals that are final unless reversed
- 15 or modified by the courts;
- 16 (9) issue subpoenas to require the attendance of witnesses and the
- 17 production of necessary books, papers, documents, correspondence, and other things;
- 18 (10) order the taking of depositions before a person competent to
- 19 administer oaths;
- 20 (11) administer oaths and take acknowledgments;
- 21 (12) request the attorney general for rulings on the interpretation of the
- 22 tax and revenue laws administered by the department;
- 23 (13) call upon the attorney general to institute actions for recovery of
- 24 unpaid taxes, fees, excises, additions to tax, penalties, and interest;
- 25 (14) issue warrants for the collection of unpaid tax penalties and
- 26 interest and take all steps necessary and proper to enforce full and complete
- 27 compliance with the tax, license, excise, and other revenue laws of the state;
- 28 (15) report to the legislature before February 15 of each year the
- 29 total amount of contributions reported and the total amount of credit claimed
- 30 during the previous calendar year under AS 43.20.014, AS 43.55.019,
- 31 AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045 [REPEALED].

1 * Sec. 7. AS 43.20.014(a) is amended to read:

2 (a) A taxpayer is allowed a credit against the tax due under this chapter for
3 cash contributions accepted

4 (1) for direct instruction, research, and educational support purposes,
5 including library and museum acquisitions, and contributions to endowment, by an
6 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
7 four-year college accredited by a regional accreditation association;

8 (2) for secondary school level vocational education courses, [AND]
9 programs, and facilities by a school district in the state; [AND]

10 (3) for vocational education courses, programs, and facilities by a
11 state-operated vocational technical education and training school; and

12 (4) for a facility by a nonprofit, public or private, Alaska two-year
13 or four-year college accredited by a regional accreditation association.

14 * Sec. 8. AS 43.20.014(b) is amended to read:

15 (b) The amount of the credit is

16 (1) 50 percent of contributions of not more than \$100,000; [AND]

17 (2) 100 percent of the next \$100,000 of contributions; and

18 (3) 50 percent of the amount of contributions that exceed \$200,000.

19 * Sec. 9. AS 43.20.014(d) is amended to read:

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

21 (1) be the basis for a credit claimed [AS A CREDIT] under another
22 provision of this title;

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

25 (3) when combined with contributions that are the basis for credits
26 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019,
27 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
28 amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

29 * Sec. 10. AS 43.55.019(a) is amended to read:

30 (a) A producer of oil or gas is allowed a credit against the tax due under this
31 chapter for cash contributions accepted

1 (1) for direct instruction, research, and educational support purposes,
2 including library and museum acquisitions, and contributions to endowment, by an
3 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
4 four-year college accredited by a regional accreditation association;

5 (2) for secondary school level vocational education courses, [AND]
6 programs, and facilities by a school district in the state; [AND]

7 (3) for vocational education courses, programs, and facilities by a
8 state-operated vocational technical education and training school; and

9 (4) for a facility by a nonprofit, public or private, Alaska two-year
10 or four-year college accredited by a regional accreditation association.

11 * Sec. 11. AS 43.55.019(b) is amended to read:

12 (b) The amount of the credit is

13 (1) 50 percent of contributions of not more than \$100,000; [AND]

14 (2) 100 percent of the next \$100,000 of contributions; and

15 (3) 50 percent of the amount of contributions that exceed \$200,000.

16 * Sec. 12. AS 43.55.019(d) is amended to read:

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

18 (1) be the basis for a credit claimed [AS A CREDIT] under another
19 provision of this title; and

20 (2) when combined with contributions that are the basis for credits
21 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
22 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
23 amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

24 * Sec. 13. AS 43.56.018(a) is amended to read:

25 (a) The owner of property taxable under this chapter is allowed a credit
26 against the tax due under this chapter for cash contributions accepted

27 (1) for direct instruction, research, and educational support purposes,
28 including library and museum acquisitions, and contributions to endowment, by an
29 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
30 four-year college accredited by a regional accreditation association;

31 (2) for secondary school level vocational education courses, [AND]

1 programs, and facilities by a school district in the state; [AND]

2 (3) for vocational education courses, programs, and facilities by a
3 state-operated vocational technical education and training school; and

4 (4) for a facility by a nonprofit, public or private, Alaska two-year
5 or four-year college accredited by a regional accreditation association.

6 * Sec. 14. AS 43.56.018(b) is amended to read:

7 (b) The amount of the credit is

8 (1) 50 percent of contributions of not more than \$100,000; [AND]

9 (2) 100 percent of the next \$100,000 of contributions; and

10 (3) 50 percent of the amount of contributions that exceed \$200,000.

11 * Sec. 15. AS 43.56.018(d) is amended to read:

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

13 (1) be the basis for a credit claimed [AS A CREDIT] under another
14 provision of this title; and

15 (2) when combined with contributions that are the basis for credits
16 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
17 AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
18 amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

19 * Sec. 16. AS 43.65.018(a) is amended to read:

20 (a) A person engaged in the business of mining in the state is allowed a credit
21 against the tax due under this chapter for cash contributions accepted

22 (1) for direct instruction, research, and educational support purposes,
23 including library and museum acquisitions, and contributions to endowment, by an
24 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
25 four-year college accredited by a regional accreditation association;

26 (2) for secondary school level vocational education courses, [AND]
27 programs, and facilities by a school district in the state; [AND]

28 (3) for vocational education courses, programs, and facilities by a
29 state-operated vocational technical education and training school; and

30 (4) for a facility by a nonprofit, public or private, Alaska two-year
31 or four-year college accredited by a regional accreditation association.

1 * Sec. 17. AS 43.65.018(b) is amended to read:

2 (b) The amount of the credit is

3 (1) 50 percent of contributions of not more than \$100,000; [AND]

4 (2) 100 percent of the next \$100,000 of contributions; and

5 (3) 50 percent of the amount of contributions that exceed \$200,000.

6 * Sec. 18. AS 43.65.018(d) is amended to read:

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

8 (1) be the basis for a credit claimed [AS A CREDIT] under another
9 provision of this title; and

10 (2) when combined with contributions that are the basis for credits
11 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
12 AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total
13 amount of the credits exceeding \$25,000,000 [EXCEED \$150,000].

14 * Sec. 19. AS 43.75.018(a) is amended to read:

15 (a) A person engaged in a fisheries business is allowed a credit against the tax
16 due under this chapter for cash contributions accepted

17 (1) for direct instruction, research, and educational support purposes,
18 including library and museum acquisitions, and contributions to endowment; by an
19 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
20 four-year college accredited by a regional accreditation association;

21 (2) for secondary school level vocational education courses, [AND]
22 programs, and facilities by a school district in the state; [AND]

23 (3) for vocational education courses, programs, and facilities by a
24 state-operated vocational technical education and training school; and

25 (4) for a facility by a nonprofit, public or private, Alaska two-year
26 or four-year college accredited by a regional accreditation association.

27 * Sec. 20. AS 43.75.018(b) is amended to read:

28 (b) The amount of the credit is

29 (1) 50 percent of contributions of not more than \$100,000; [AND]

30 (2) 100 percent of the next \$100,000 of contributions; and

31 (3) 50 percent of the amount of contributions that exceed \$200,000.

1 * **Sec. 21.** AS 43.75.018(d) is amended to read:

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

3 (1) be the basis for a credit claimed [AS A CREDIT] under another
4 provision of this title; and

5 (2) when combined with contributions that are the basis for credits
6 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
7 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total
8 amount of the credits exceeding \$25,000,000 [EXCEED \$150,000].

9 * **Sec. 22.** AS 43.77.045(a) is amended to read:

10 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
11 a floating fisheries business is allowed a credit against the tax due under this chapter
12 for cash contributions accepted

13 (1) for direct instruction, research, and educational support purposes,
14 including library and museum acquisitions, and contributions to endowment, by an
15 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
16 four-year college accredited by a regional accreditation association;

17 (2) for secondary school level vocational education courses, [AND]
18 programs, and facilities by a school district in the state; [AND]

19 (3) for vocational education courses, programs, and facilities by a
20 state-operated vocational technical education and training school; and

21 (4) for a facility by a nonprofit, public or private, Alaska two-year
22 or four-year college accredited by a regional accreditation association.

23 * **Sec. 23.** AS 43.77.045(b) is amended to read:

24 (b) The amount of the credit is

25 (1) 50 percent of contributions of not more than \$100,000; [AND]

26 (2) 100 percent of the next \$100,000 of contributions; and

27 (3) 50 percent of the amount of contributions that exceed \$200,000.

28 * **Sec. 24.** AS 43.77.045(d) is amended to read:

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

30 (1) be the basis for a credit claimed [AS A CREDIT] under another
31 provision of this title; and

1 (2) when combined with contributions that are the basis for credits
2 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
3 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total
4 amount of the credits exceeding \$25,000,000 [EXCEED \$150,000].

5 * Sec. 25. This Act takes effect January 1, 2011.

26-LS1538R
Bullock
3/9/10

CS FOR HOUSE BILL NO. 367()

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

BY

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES MUÑOZ, Kelly, Peggy Wilson, Ramras

A BILL

FOR AN ACT ENTITLED

"An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes and facilities; and providing for an effective date."

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

*** Section 1.** AS 21.06.110 is amended to read:

Sec. 21.06.110. Director's annual report. As early in each calendar year as is reasonably possible, the director shall prepare and deliver an annual report to the commissioner, who shall notify the legislature that the report is available, showing, with respect to the preceding calendar year,

(1) a list of the authorized insurers transacting insurance in this state, with a summary of their financial statement as the director considers appropriate;

(2) the name of each insurer whose certificate of authority was surrendered, suspended, or revoked during the year and the cause of surrender, suspension, or revocation;

(3) the name of each insurer authorized to do business in this state

1 against which delinquency or similar proceedings were instituted and, if against an
2 insurer domiciled in this state, a concise statement of the facts with respect to each
3 proceeding and its present status;

4 (4) a statement in regard to examination of rating organizations,
5 advisory organizations, joint underwriters, and joint reinsurers as required by
6 AS 21.39.120;

7 (5) the receipt and expenses of the division for the year;

8 (6) recommendations of the director as to amendments or
9 supplementation of laws affecting insurance or the office of director;

10 (7) statistical information regarding health insurance, including the
11 number of individual and group policies sold or terminated in the state; this paragraph
12 does not authorize the director to require an insurer to release proprietary information;

13 (8) the annual percentage of health claims paid in the state that meets
14 the requirements of AS 21.36.128(a) and (d); [AND]

15 (9) the total amount of contributions reported and the total
16 amount of credit claimed under AS 21.89.070 and 21.89.075; and

17 (10) other pertinent information and matters the director considers
18 proper.

19 * Sec. 2. AS 21.89.070(a) is amended to read:

20 (a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or
21 AS 21.66.110 for cash contributions accepted

22 (1) for direct instruction, research, and educational support purposes,
23 including library and museum acquisitions, and contributions to endowment, by an
24 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
25 four-year college accredited by a regional accreditation association;

26 (2) for secondary school level vocational education courses, [AND]
27 programs, and facilities by a school district in the state; [AND]

28 (3) for vocational education courses, programs, and facilities by a
29 state-operated vocational technical education and training school; and

30 (4) for a facility by a nonprofit, public or private, Alaska two-year
31 or four-year college accredited by a regional accreditation association.

1 * **Sec. 3.** AS 21.89.070(d) is amended to read:

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

3 (1) be the basis for a credit claimed [AS A CREDIT] under more
4 than one provision of this title; and

5 (2) when combined with contributions that are the basis for credits
6 taken during the taxpayer's tax year under AS 21.89.075, AS 43.20.014,
7 AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in
8 the total amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

9 * **Sec. 4.** AS 21.89.070 is amended by adding a new subsection to read:

10 (f) The credit under this section may not reduce a person's tax liability under
11 AS 21.09.210 or AS 21.66.110 to below zero for any tax year. An unused credit or
12 portion of a credit not used under this section for a tax year may not be sold, traded,
13 transferred, or applied in a subsequent tax year.

14 * **Sec. 5.** AS 21.89.075(c) is amended to read:

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

16 (1) be the basis for a credit claimed [AS A CREDIT] under more
17 than one provision of this title;

18 (2) when combined with contributions that are the basis for credits
19 taken during the taxpayer's tax year under AS 21.89.070, AS 43.20.014,
20 AS 43.55.019, AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in
21 the total amount of credits exceeding \$25,000,000 [EXCEED \$150,000]; or

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

24 * **Sec. 6.** AS 21.89.075 is amended by adding a new subsection to read:

25 (f) The credit under this section may not reduce a person's tax liability under
26 AS 21.09.210 to below zero for any tax year. An unused credit or portion of a credit
27 not used under this section for a calendar year may not be sold, traded, transferred, or
28 applied in a subsequent calendar year.

29 * **Sec. 7.** AS 43.05.010 is amended to read:

30 **Sec. 43.05.010. Duties of commissioner.** The commissioner of revenue shall

31 (1) exercise general supervision and direct the activities of the

1 Department of Revenue;

2 (2) supervise the fiscal affairs and responsibilities of the department;

3 (3) prescribe uniform rules for investigations and hearings;

4 (4) keep a record of all departmental proceedings, record and file all
5 bonds, and assume custody of returns, reports, papers, and documents of the
6 department;

7 (5) adopt a seal and affix it to each order, process, or certificate issued
8 by the commissioner;

9 (6) keep a record of each order, process, and certificate issued by the
10 commissioner, and keep the record open to public inspection at all reasonable times;

11 (7) hold hearings and investigations necessary for the administration of
12 state tax and revenue laws;

13 (8) except as provided in AS 43.05.405 - 43.05.499 and in
14 AS 44.64.030, hear and determine appeals of a matter within the jurisdiction of the
15 Department of Revenue and enter orders on the appeals that are final unless reversed
16 or modified by the courts;

17 (9) issue subpoenas to require the attendance of witnesses and the
18 production of necessary books, papers, documents, correspondence, and other things;

19 (10) order the taking of depositions before a person competent to
20 administer oaths;

21 (11) administer oaths and take acknowledgments;

22 (12) request the attorney general for rulings on the interpretation of the
23 tax and revenue laws administered by the department;

24 (13) call upon the attorney general to institute actions for recovery of
25 unpaid taxes, fees, excises, additions to tax, penalties, and interest;

26 (14) issue warrants for the collection of unpaid tax penalties and
27 interest and take all steps necessary and proper to enforce full and complete
28 compliance with the tax, license, excise, and other revenue laws of the state;

29 (15) report to the legislature before February 15 of each year the
30 total amount of contributions reported and the total amount of credit claimed
31 during the previous calendar year under AS 43.20.014, AS 43.55.019,

1 AS 43.56.018, AS 43.65.018, AS 43.75.018, and AS 43.77.045 [REPEALED].

2 * **Sec. 8.** AS 43.20.014(a) is amended to read:

3 (a) A taxpayer is allowed a credit against the tax due under this chapter for
4 cash contributions accepted

5 (1) for direct instruction, research, and educational support purposes,
6 including library and museum acquisitions, and contributions to endowment, by an
7 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
8 four-year college accredited by a regional accreditation association;

9 (2) for secondary school level vocational education courses, [AND]
10 programs, and facilities by a school district in the state; [AND]

11 (3) for vocational education courses, programs, and facilities by a
12 state-operated vocational technical education and training school; and

13 (4) for a facility by a nonprofit, public or private, Alaska two-year
14 or four-year college accredited by a regional accreditation association.

15 * **Sec. 9.** AS 43.20.014(d) is amended to read:

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

17 (1) be the basis for a credit claimed [AS A CREDIT] under another
18 provision of this title;

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

21 (3) when combined with contributions that are the basis for credits
22 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019,
23 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
24 amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

25 * **Sec. 10.** AS 43.20.014 is amended by adding a new subsection to read:

26 (f) The credit under this section may not reduce a person's tax liability under
27 this chapter to below zero for any tax year. An unused credit or portion of a credit not
28 used under this section for a tax year may not be sold, traded, transferred, or applied in
29 a subsequent tax year.

30 * **Sec. 11.** AS 43.55.019(a) is amended to read:

31 (a) A producer of oil or gas is allowed a credit against the tax due under this

1 chapter for cash contributions accepted

2 (1) for direct instruction, research, and educational support purposes,
3 including library and museum acquisitions, and contributions to endowment, by an
4 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
5 four-year college accredited by a regional accreditation association;

6 (2) for secondary school level vocational education courses, [AND]
7 programs, and facilities by a school district in the state; [AND]

8 (3) for vocational education courses, programs, and facilities by a
9 state-operated vocational technical education and training school; and

10 (4) for a facility by a nonprofit, public or private, Alaska two-year
11 or four-year college accredited by a regional accreditation association.

12 * **Sec. 12.** AS 43.55.019(d) is amended to read:

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

14 (1) be the basis for a credit claimed [AS A CREDIT] under another
15 provision of this title; and

16 (2) when combined with contributions that are the basis for credits
17 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
18 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
19 amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

20 * **Sec. 13.** AS 43.55.019 is amended by adding a new subsection to read:

21 (f) The credit under this section may not reduce a person's tax liability under
22 this chapter to below zero for any tax year. An unused credit or portion of a credit not
23 used under this section for a tax year may not be sold, traded, transferred, or applied in
24 a subsequent tax year.

25 * **Sec. 14.** AS 43.56.018(a) is amended to read:

26 (a) The owner of property taxable under this chapter is allowed a credit
27 against the tax due under this chapter for cash contributions accepted

28 (1) for direct instruction, research, and educational support purposes,
29 including library and museum acquisitions, and contributions to endowment, by an
30 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
31 four-year college accredited by a regional accreditation association;

1 (2) for secondary school level vocational education courses, [AND]
2 programs, and facilities by a school district in the state; [AND]

3 (3) for vocational education courses, programs, and facilities by a
4 state-operated vocational technical education and training school; and

5 (4) for a facility by a nonprofit, public or private, Alaska two-year
6 or four-year college accredited by a regional accreditation association.

7 * Sec. 15. AS 43.56.018(d) is amended to read:

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

9 (1) be the basis for a credit claimed [AS A CREDIT] under another
10 provision of this title; and

11 (2) when combined with contributions that are the basis for credits
12 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
13 AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
14 amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

15 * Sec. 16. AS 43.56.018 is amended by adding a new subsection to read:

16 (f) The credit under this section may not reduce a person's tax liability under
17 this chapter to below zero for any tax year. An unused credit or portion of a credit not
18 used under this section for a tax year may not be sold, traded, transferred, or applied in
19 a subsequent tax year.

20 * Sec. 17. AS 43.65.018(a) is amended to read:

21 (a) A person engaged in the business of mining in the state is allowed a credit
22 against the tax due under this chapter for cash contributions accepted

23 (1) for direct instruction, research, and educational support purposes,
24 including library and museum acquisitions, and contributions to endowment, by an
25 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
26 four-year college accredited by a regional accreditation association;

27 (2) for secondary school level vocational education courses, [AND]
28 programs, and facilities by a school district in the state; [AND]

29 (3) for vocational education courses, programs, and facilities by a
30 state-operated vocational technical education and training school; and

31 (4) for a facility by a nonprofit, public or private, Alaska two-year

1 or four-year college accredited by a regional accreditation association.

2 * Sec. 18. AS 43.65.018(d) is amended to read:

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

4 (1) be the basis for a credit claimed [AS A CREDIT] under another
5 provision of this title; and

6 (2) when combined with contributions that are the basis for credits
7 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
8 AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total
9 amount of the credits exceeding \$25,000,000 [EXCEED \$150,000].

10 * Sec. 19. AS 43.65.018 is amended by adding a new subsection to read:

11 (f) The credit under this section may not reduce a person's tax liability under
12 this chapter to below zero for any tax year. An unused credit or portion of a credit not
13 used under this section for a tax year may not be sold, traded, transferred, or applied in
14 a subsequent tax year.

15 * Sec. 20. AS 43.75.018(a) is amended to read:

16 (a) A person engaged in a fisheries business is allowed a credit against the tax
17 due under this chapter for cash contributions accepted

18 (1) for direct instruction, research, and educational support purposes,
19 including library and museum acquisitions, and contributions to endowment, by an
20 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
21 four-year college accredited by a regional accreditation association;

22 (2) for secondary school level vocational education courses, [AND]
23 programs, and facilities by a school district in the state; [AND]

24 (3) for vocational education courses, programs, and facilities by a
25 state-operated vocational technical education and training school; and

26 (4) for a facility by a nonprofit, public or private, Alaska two-year
27 or four-year college accredited by a regional accreditation association.

28 * Sec. 21. AS 43.75.018(d) is amended to read:

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

30 (1) be the basis for a credit claimed [AS A CREDIT] under another
31 provision of this title; and

1 (2) when combined with contributions that are the basis for credits
2 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
3 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total
4 amount of the credits exceeding \$25,000,000 [EXCEED \$150,000].

5 * Sec. 22. AS 43.75.018 is amended by adding a new subsection to read:

6 (f) The credit under this section may not reduce a person's tax liability under
7 this chapter to below zero for any tax year. An unused credit or portion of a credit not
8 used under this section for a tax year may not be sold, traded, transferred, or applied in
9 a subsequent tax year.

10 * Sec. 23. AS 43.77.045(a) is amended to read:

11 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
12 a floating fisheries business is allowed a credit against the tax due under this chapter
13 for cash contributions accepted

14 (1) for direct instruction, research, and educational support purposes,
15 including library and museum acquisitions, and contributions to endowment, by an
16 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
17 four-year college accredited by a regional accreditation association;

18 (2) for secondary school level vocational education courses, [AND]
19 programs, and facilities by a school district in the state; [AND]

20 (3) for vocational education courses, programs, and facilities by a
21 state-operated vocational technical education and training school; and

22 (4) for a facility by a nonprofit, public or private, Alaska two-year
23 or four-year college accredited by a regional accreditation association.

24 * Sec. 24. AS 43.77.045(d) is amended to read:

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

26 (1) be the basis for a credit claimed [AS A CREDIT] under another
27 provision of this title; and

28 (2) when combined with contributions that are the basis for credits
29 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
30 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total
31 amount of the credits exceeding \$25,000,000 [EXCEED \$150,000].

1 * **Sec. 25.** AS 43.77.045 is amended by adding a new subsection to read:

2 (f) The credit under this section may not reduce a person's tax liability under
3 this chapter to below zero for any tax year. An unused credit or portion of a credit not
4 used under this section for a tax year may not be sold, traded, transferred, or applied in
5 a subsequent tax year.

6 * **Sec. 26.** This Act takes effect January 1, 2011.

Amendment #1 AdyAd

Conceptual amendment to CS HB 367 Version R – applicable to all tax credit sections identified in CS HB 367 Version R:

The amount of the credit is

- (1) 50 percent of contributions of not more than \$100,000; and
- (2) 100 percent of contributions of the next \$100,000 of contributions; **and**
- (3) 50 percent of the amount of contributions that exceed \$200,000.**

Louie Flora

Subject: FW: HB 367

From: Kendra Kloster
Sent: Thursday, March 11, 2010 3:05 PM
To: Louie Flora
Subject: FW: HB 367

Louie,

I have talked with Don Bullock about the CS and hoping to have it soon. Below is a response from Robynn Wilson with the Department of Revenue referencing the removal of language in sections throughout the bill I mentioned to you earlier.

The other change in the CS will just be adding the amendment that the committee adopted on Wednesday. Trying to get a cleaner version of the bill for the committee to review.

Kendra Kloster
Chief of Staff
Rep. Cathy Muñoz
907-465-4712

From: Wilson, Robynn J (DOR) [mailto:robynn.wilson@alaska.gov]
Sent: Thursday, March 11, 2010 12:12 PM
To: Kendra Kloster
Cc: Blaisdell, Ginger (DOR); Bales, Johanna D (DOR)
Subject: HB 367

Kendra,

Per our telephone conversation, our suggestion is as follows (based on version **A**):

Page 8, lines 22-26: delete section 19 (AS 43.20.014(f)) in its entirety.

The general rule in tax administration is that credits are not refundable, do not enjoy a carryforward, and cannot be transferred or sold unless this privilege is specifically written into the law. The "default" is that the credit is only good to apply to tax in that year. If this language is added to 43.20, then it suggests that credit sections that are silent somehow mean that those other credits can be refunded, carried forward, or transferred.

This comment would also apply to similar bill Sections on pages 4, 10, 12, 14, 16, and 18.

Thank you for the opportunity to comment.

Robynn J. Wilson
Corporate Income Tax Manager
Dept. of Revenue, Tax Division

SECURITY NOTICE: The state cannot guarantee the security of emails sent to or from a state employee outside the state email system. If you do not want to communicate with the Department of Revenue Tax Division via email, please contact the Tax Division in Anchorage at (907) 269-6620 or in Juneau at (907) 465-2320.



REPRESENTATIVE CATHY MUÑOZ

HB 367: Tax Credits for Educational Contributions

Under current law, tax payers that make cash contributions to an Alaskan educational or vocational institution receive a maximum tax credit allowable in any given year of \$150,000.

House Bill 367 would increase the higher education tax credits to 50 percent for the first \$100,000 contribution, 100 percent for contributions over \$100,000 and up to \$300,000, and 50 percent on contributions that exceed \$300,000. A cap was placed in the amount of \$25,000,000.

The current limitation has a constraining effect on corporate donations and investments in educational and vocational institutions. In 2008, only 11 donors contributed enough to the University of Alaska to maximize the current tax credit.

Many major employers in Alaska understand the importance of educating Alaskans to create a skilled workforce. These businesses want to hire Alaskans from vocational schools, colleges and universities. By expanding the educational tax credit companies can help Alaska's universities expand their existing research and development capacities, and help to maximize the potential for economic development.

By facilitating greater cooperation between Alaska's business and education sectors, and encouraging greater financial support, HB 367 will leverage important workforce and economic development goals. With Alaskans working together we can strengthen our workforce, increase collaboration between school and local business, diversify funding sources for Alaska's higher education institutions, enhance student activities and facilities, and develop research programs that contribute to the economic development of Alaska.

EDWARD B RASMUSON
MAC K3212-051
PO Box 196127
Anchorage, Alaska 99519

March 8, 2010

Dear Members of the House Education Committee:

I am writing in support of House Bill 367, an Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes.

As a longtime Alaskan with success building businesses in our state, I know the importance of a highly skilled workforce, an engaged citizenry, and a vibrant culture. These qualities of Alaska's people are developed in our schools and in our vocational/technical institutes, colleges, and universities.

My family believes so strongly in the role of education in Alaska that we have supported such important institutions as the University of Alaska and Alaska Pacific University by providing financial resources and by serving as Regents and Trustees. Through these partnerships, we are contributing to our state's economic, cultural, and political development.

I support House Bill 367 because it addresses a concern about the current law, which caps tax credits at \$150,000 per year. I think it is in the state's interest to increase the cap in order to generate more business support for our colleges and universities. By leveling the playing field with other state investment tax credits, we can strengthen workforce development and job opportunities for Alaskans, diversify funding sources for Alaska's higher education institutions, encourage community participation in funding new facilities, and develop research programs that contribute to economic development in Alaska.

I was a Regent of the University of Alaska in 1989 when this tax credit was first introduced. I supported it then and I support the proposed amendments in House Bill 367 now.

Thank you for considering my views on this important opportunity for Alaska.

Yours truly,



Edward Rasmuson



DOYON
Limited®

1 Doyon Place, Suite 300
Fairbanks, Alaska 99701

Toll Free (800) 478-4755
In Fairbanks: 459-2000

January 26, 2010

Dear Senate Education Committee Members:

On behalf of Doyon, Limited—a regional Alaska Native corporation with 17,500 shareholders and more than 3,000 employees in its family of companies—I am writing in strong support of Senate Bill 236, an Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes or for a facility.

Under current law Alaska state income tax payers who make cash contributions to an Alaskan higher education institution (including vocational/technical programs) receive a tax credit of 50 percent of the contribution up to \$100,000 and 100 percent of the contribution between \$100,000 and \$200,000. The maximum tax credit in any one year is \$150,000.

While the current tax credit is helpful, the cap on the current tax credit does not encourage corporate donations to higher education institutions in Alaska. Senate Bill 236 would remove the cap, setting the stage for increased private funding for higher education in Alaska.

Our company operates more than a dozen businesses across the state. We are especially active in oil field services, government contracting, and natural resource development. We take pride in contributing to Alaska's economic development and diversification. We are committed to providing employment opportunities for Alaskans as we build our businesses in the future.

Our ability to continue to grow now and in the years to come requires a well trained workforce. While not all of our employees require a college degree, some certainly do, and the others require at least some training beyond high school. We want to hire Alaskans from Alaska's vocational schools, colleges and universities. In addition, we are interested in exploring opportunities for the commercialization of scientific research, a major source for economic development and diversification in other states.

Senate Bill 236 will level the playing field with other state investment tax credits and encourage business to partner with our state's educational institutions. With this critical partnership, we can achieve key workforce and economic development and diversification goals for Alaska.

Thank you for your consideration and support of this important legislation.

Sincerely,

Norman L. Phillips, Jr.
President and CEO

LEADER in All We Do

www.doyon.com

**ALASKA NATIVE REGIONAL CORPORATIONS
HIGHER EDUCATION PRIORITIES
AUGUST 2009**

Evaluation Criteria

- responding to ANC workforce needs
- strengthening ANC management and governance
- contributing to shareholder success
- increasing broader knowledge about ANCs
- serving ANC cultural interests
- maximizing impact through use of technology and other means

Project	Description	Priority
ANCSA course - web based	Inform students about ANCSA, increase visibility of ANCs <ul style="list-style-type: none"> • Content would include history, culture, politics, economics • Modify existing, already approved course • Preferably web-based, self-paced with rich content (video, archive documents) • Could be targeted to enrolled students or new employees of ANCs 	HIGH
ANCSA course – GER	Inform students (degree seeking or not) about ANCSA, increase visibility of ANCs <ul style="list-style-type: none"> • Content would include history, culture, politics, economics • Face to face course, could be used as a General Education Requirement (GER) • Would expose a large number of undergraduates to ANCs 	HIGH
Increase tax credit	Diversify funding, increase private funding, strengthen partnerships, increase exposure <ul style="list-style-type: none"> • Current tax credit value maximized at contribution of \$150,000 • Increase tax credit to 50% of contribution 	HIGH
Executive MBA	Enable working professionals to obtain MBAs without interrupting career or family life. Top business schools in the nation offer Executive MBA programs, which feature: <ul style="list-style-type: none"> • Top quality curriculum and faculty • A cohort model, resulting in high student success and career long networks • Schedule designed for working people • Use of guest faculty and practitioners, providing real world perspectives and networking opportunities 	HIGH
ANCSA conferences	Expand knowledge of ANCSA history, issues, impacts, and opportunities <ul style="list-style-type: none"> • ANC leaders and scholars can provide learning opportunities for students and the broader public • UA scholars and students can use as forums for presentation and later publication • ANCs receive recognition, become familiar to students and potential employees 	HIGH
High School outreach camps	Build on highly successful pre-college summer programs (RAHI, ANSEP) <ul style="list-style-type: none"> • Offer dual credit with high schools • Possibly link with sports programs and internships 	HIGH
Self-paced developmental courses	Improve student preparedness and success through IT enabled self-paced courses <ul style="list-style-type: none"> • Faculty design courses for delivery in learning centers with long hours accessible to high school students (dual credit), working people, etc., through self-paced on-line technology, with advanced students serving as on-site course guides • Highly successful examples have improved student performance and reduced cost 	MEDIUM
Alaska Native Arts	Expand course and program offerings <ul style="list-style-type: none"> • Focus on development of high value arts and crafts • Support the development of new accomplished Native artists 	MEDIUM
Short courses for ANCs and tribes	Provide highly practical short training programs, e.g., grant writing and 8(a) <ul style="list-style-type: none"> • Could be delivered on-site • Tailored to each company's specific needs and interests 	MEDIUM

**ALASKA NATIVE REGIONAL CORPORATIONS
HIGHER EDUCATION PRIORITIES
AUGUST 2009 (2)**

Project	Description	Priority
Political support	Provide support for University system priorities <ul style="list-style-type: none"> • State budget: program funding • Land grant legislation 	MEDIUM
Cooperative education programs	Improve knowledge of employment opportunities for students and employers <ul style="list-style-type: none"> • E.g., UAF Management School has proposed a 4 year program in which students spend 3 full semesters with 3 different employers • Experience with employers is for credit and integrated with the academic program • Common in engineering and business programs 	MEDIUM
Career Pathways	Show shareholders educational pathways for major job groups for each ANC <ul style="list-style-type: none"> • University staff will take occupational data from each ANC, focus on high demand job categories and create educational pathway materials • Materials can be distributed widely to shareholders and others about the tracks, in terms of education and training needed, increasing number of prepared applicants • Can be used as an effective advising tool to prepare shareholders for existing jobs 	MEDIUM
ANCSA CEO in residence	Provide students and faculty insights on leadership of ANCs <ul style="list-style-type: none"> • CEO would be available for a certain time period (semester or year) • CEO would visit classes, make presentations, advise faculty and mentor students • CEO could be interviewed for ANCSA and/or ANC corporate history 	MEDIUM
Visiting lecturers	Support visits of experts to campus <ul style="list-style-type: none"> • Bring new/outside perspectives to campus, students, and faculty • Draw members of the community onto campus 	MEDIUM
Board of Directors' training	Strengthen leadership capabilities of board directors (Profit and non-profit) <ul style="list-style-type: none"> • UA experts provide training in fields such as governance, finance, strategy, human resources 	MEDIUM
Histories of ANCSA Leaders and Corporations	Make available histories of ANCSA leaders for use in curriculum, research <ul style="list-style-type: none"> • University faculty and students would conduct and record interviews- likely in high definition video • Text, video, etc., could be used in web-based and face to face classes • Way to formally preserve history for future generations of shareholders, teachers and historians 	MEDIUM
Collection of historic documents, images	Collect, preserve and archive papers and images of early land claims battles and development of the corporations <ul style="list-style-type: none"> • Collect this material before it is lost • Revisited in designated sections of libraries which create visibility for the collections 	MEDIUM
Support Alaska Native Scholars	Provide support for Alaska Natives who are pursuing academic excellence in their disciplines <ul style="list-style-type: none"> • Increases the number of Alaska Natives with advanced degrees • Strengthens diversity among the faculty 	MEDIUM
Provide scholarships in selected fields	Create an educated workforce in areas of importance to the ANCs <ul style="list-style-type: none"> • Provide funding in targeted fields, those of high priority to the ANCs • Flexible in terms of funding, from an annual contribution to an endowment • Can change fields as ANC needs change • Supports connection between scholarship and UA 	MEDIUM
Facility purchase, construction, operation	Provide facilities (building, lecture halls, galleries, conference rooms, residence halls, labs) <ul style="list-style-type: none"> • Funding to provide facilities would support added capacity, services • Would provide alternative to public funding • Would provide opportunity for naming, outreach 	LOW
Endow faculty chairs	Establish faculty positions with stable funding insulated from competing funding pressures <ul style="list-style-type: none"> • UA has very few compared to other universities • Provide funding stability, earnings off invested principal • Can be set up as a term appointment (1 year, 3 years, 5 years) • \$4-5 million (approx, depending on academic field) required to establish 	LOW



Interior Alaska – The “Place” To Do Business

Introduced By: Governmental Relations Committee
Date Introduced: February 22, 2010
Date Passed: February 22, 2010
Date Transmitted: February 22, 2010 (Senate)
Date Transmitted: March 4, 2010 (House)

RESOLUTION 10-0222B
A RESOLUTION IN SUPPORT OF SENATE BILL 236 AND HOUSE BILL 367, AN ACT RELATING TO TAX CREDITS FOR CASH CONTRIBUTIONS BY CORPORATE TAXPAYERS THAT ARE ACCEPTED FOR CERTAIN EDUCATIONAL PURPOSES OR FOR A FACILITY

WHEREAS, under current law Alaska state corporate income tax payers who make cash contributions to an Alaskan higher education institution (including vocational/technical programs) receive a tax credit of 50 percent of the contribution up to \$100,000 and 100 percent of the contribution between \$100,000 and \$200,000. The maximum tax credit in any one year is \$150,000.

WHEREAS, limits on the current tax credit appear to constrain corporate donations to higher education institutions in Alaska.

WHEREAS, many major employers in Alaska understand that the future success of their businesses requires a highly skilled workforce. These businesses want to hire Alaskans from Alaska’s vocational schools, colleges and universities. In addition, businesses are interested in increasing incentives for the commercialization of scientific research, a major source for economic development and diversification in other states. By leveling the playing field with other state investment tax credits, important workforce and economic development goals can be achieved.

WHEREAS, Alaska businesses and higher education institutions could partner to prepare workers skilled in specific areas of high demand, develop courses using advanced technology to increase access to important skills and employment opportunities, create academic and training programs with more flexible scheduling to accommodate working people, support innovative outreach programs for secondary students to increase participation in and preparation for higher education, strengthen the relevance of selected programs to Alaskan concerns and opportunities, and increase private sector participation in development of new facilities at vocational and college facilities across the state.

WHEREAS, the Alaska Senate Education Committee has proposed a bill— SB 236 and the Alaska House Education Committee has proposed a bill HB 367— to

INVESTORS

DIAMOND

- BP Exploration
ConocoPhillips
ExxonMobil
Fairbanks Daily News-Miner
FMH & Denali Center
Flint Hills Resources Alaska

PLATINUM

- Alyeska Pipeline Service Co.
Carlson Center
Doyon, Limited
Fred Meyer Stores
Golden Heart Utilities
Mt. McKinley Bank
Wells Fargo Bank Alaska

GOLD

- Alaska USA FCU
Birchwood Homes
Denali State Bank
Design Alaska
Doyon Utilities LLC
First National Bank Alaska
GCI
Kinross-Fort Knox Mine
MAC Federal Credit Union
Pogo Gold Mine
The Boeing Co.
Usibelli Coal Mine

SILVER

- ACS
Alaska Airlines
Alaska Railroad
AT&T
Denali – The Alaska Gas Pipeline
Everts Air Cargo, Everts Air AK
Exclusive Paving/Univ. Redi-Mix
Fairbanks Natural Gas
Flowline Alaska
Fountainhead Development
GVEA
Hale & Associates, Inc.
JL Properties, Inc.
Key Bank
Northrim Bank
Personnel Plus
Spirit of Alaska FCU
Tanana Valley Clinic
TDL Professional Staffing
TOTE
WAL-MART Stores, Inc.
Yukon Title Company

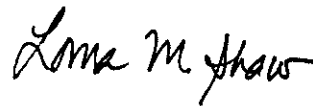
THEREFORE BE IT RESOLVED, that on this date, February 22, 2010, the Greater Fairbanks Chamber of Commerce strongly supports SB 236 and March 4, 2010 supports HB 367. The Greater Fairbanks Chamber of Commerce encourages their passage in this session of the Twenty-sixth Legislature.

BE IT FURTHER RESOLVED that this resolution be distributed to:

Senator Kevin Meyer, Senate Education Committee Chair
Senator Joe Thomas, Senate Education Committee Co-Chair
Representative Paul Seaton, House Education Committee Chair
Representative Cathy Munoz, House Education Committee Co-Chair



Dan Britton
Board Chair
Greater Fairbanks Chamber of Commerce



Lorna Shaw
Chair
Governmental Relations Committee

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
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State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 5, 2010

SUBJECT: Sectional summary for HB 367 (Work Order No. 26-1538A)

TO: Representative Cathy Muñoz
Attn: Kendra Kloster

FROM: 
Donald M. Bullock Jr.
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. Amends AS 21.06.110 to require the director of the division of insurance to include the total amount of contributions reported and the total amount of credit claimed under AS 21.89.070 and 21.89.075.

Section 2. Amends AS 21.89.070(a) to allow credits for cash contributions accepted for facilities and vocational education courses and programs. Credits are applied against the tax due under AS 21.09.210 or AS 21.66.110.

Section 3. Amends AS 21.89.070(a), as amended in sec. 2, to return the language of the subsection to its current form.

Section 4. Amends AS 21.89.070(b) to increase the amount of contributions eligible for the tax credit.

Section 5. Amends AS 21.89.070(b), as amended in sec. 4, to return the language of the subsection to its current form.

Section 6. Amends AS 21.89.070(d) to increase the total amount of credits allowed under AS 21.89.070, 21.89.075, 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 to \$25,000,000.

Section 7. Amends AS 21.89.070(d), as amended in sec. 6, to reduce the total amount of credits allowed to the amount in current law, \$150,000.

Section 8. Adds a new subsection to AS 21.89.070 to state that the credit may not reduce the tax liability below zero and that an unused credit may not be sold, traded, transferred, or applied in a subsequent tax year.

Section 9. Amends AS 21.89.075(c) to increase the total amount of credits allowed under AS 21.89.070, 21.89.075, 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 to \$25,000,000.

Section 10. Amends AS 21.89.075(c), as amended in sec. 9, to reduce the total amount of credits allowed to the amount in current law, \$150,000.

Section 11. Adds a new subsection to AS 21.89.075 to state that the credit may not reduce the tax liability below zero and that an unused credit may not be sold, traded, transferred, or applied in a subsequent tax year.

Section 12. Amends AS 43.05.010 to require the commissioner of revenue to report to the legislature the total amount of contributions reported and the total amount of credit claimed 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.

Section 13. Amends AS 43.20.014(a) to allow credits for cash contributions accepted for facilities and vocational education courses and programs. Credits are applied against the tax due under AS 43.20.

Section 14. Amends AS 43.20.014(a), as amended in sec. 13, to return the language of the subsection to its current form.

Section 15. Amends AS 43.20.014(b) to increase the amount of contributions eligible for the tax credit.

Section 16. Amends AS 43.20.014(b), as amended in sec. 15, to return the language of the subsection to its current form.

Section 17. Amends AS 43.20.014(d) to increase the total amount of credits allowed under AS 21.89.070, 21.89.075, 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 to \$25,000,000.

Section 18. Amends AS 43.20.014(d), as amended in sec. 17, to reduce the total amount of credits allowed to the amount in current law, \$150,000.

Section 19. Adds a new subsection to AS 43.20.014 to state that the credit may not reduce the tax liability below zero and that an unused credit may not be sold, traded, transferred, or applied in a subsequent tax year.

Representative Cathy Muñoz

March 5, 2010

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Section 20. Amends AS 43.55.019(a) to allow credits for cash contributions accepted for facilities and vocational education courses and programs. Credits are applied against the tax due under AS 43.55.

Section 21. Amends AS 43.55.019(a), as amended in sec. 20, to return the language of the subsection to its current form.

Section 22. Amends AS 43.55.019(b) to increase the amount of contributions eligible for the tax credit.

Section 23. Amends AS 43.55.019(b), as amended in sec. 22, to return the language of the subsection to its current form.

Section 24. Amends As 43.55.019(d) to increase the total amount of credits allowed under AS 21.89.070, 21.89.075, 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 to \$25,000,000.

Section 25. Amends AS 43.55.019(d), as amended in sec. 24, to reduce the total amount of credits allowed to the amount in current law, \$150,000.

Section 26. Adds a new subsection to AS 43.55.019 to state that the credit may not reduce the tax liability below zero and that an unused credit may not be sold, traded, transferred, or applied in a subsequent tax year.

Section 27. Amends AS 43.56.018(a) to allow credits for cash contributions accepted for facilities and vocational education courses and programs. Credits are applied against the tax due under AS 43.56.

Section 28. Amends AS 43.56.018(a), as amended in sec. 27, to return the language of the subsection to its current form.

Section 29. Amends AS 43.56.018(b) to increase the amount of contributions eligible for the tax credit.

Section 30. Amends AS 43.56.018(b), as amended in sec. 29, to return the language of the subsection to its current form.

Section 31. Amends As 43.56.018(d) to increase the total amount of credits allowed under AS 21.89.070, 21.89.075, 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 to \$25,000,000.

Section 32. Amends AS 43.56.018(d), as amended in sec. 31, to reduce the total amount of credits allowed to the amount in current law, \$150,000.

Section 33. Adds a new subsection to AS 43.56.018 to state that the credit may not

Representative Cathy Muñoz

March 5, 2010

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reduce the tax liability below zero and that an unused credit may not be sold, traded, transferred, or applied in a subsequent tax year.

Section 34. Amends AS 43.65.018(a) to allow credits for cash contributions accepted for facilities and vocational education courses and programs. Credits are applied against the tax due under AS 43.65.

Section 35. Amends AS 43.65.018(a), as amended in sec. 34, to return the language of the subsection to its current form.

Section 36. Amends AS 43.65.018(b) to increase the amount of contributions eligible for the tax credit.

Section 37. Amends AS 43.65.018(b), as amended in sec. 36, to return the language of the subsection to its current form.

Section 38. Amends AS 43.65.018(d) to increase the total amount of credits allowed under AS 21.89.070, 21.89.075, 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 to \$25,000,000.

Section 39. Amends AS 43.65.018(d), as amended in sec. 38, to reduce the total amount of credits allowed to the amount in current law, \$150,000.

Section 40. Adds a new subsection to AS 43.65.018 to state that the credit may not reduce the tax liability below zero and that an unused credit may not be sold, traded, transferred, or applied in a subsequent tax year.

Section 41. Amends AS 43.75.018(a) to allow credits for cash contributions accepted for facilities and vocational education courses and programs. Credits are applied against the tax due under AS 43.75.

Section 42. Amends AS 43.75.018(a), as amended in sec. 41, to return the language of the subsection to its current form.

Section 43. Amends AS 43.75.018(b) to increase the amount of contributions eligible for the tax credit.

Section 44. Amends AS 43.75.018(b), as amended in sec. 43, to return the language of the subsection to its current form.

Section 45. Amends AS 43.75.018(d) to increase the total amount of credits allowed under AS 21.89.070, 21.89.075, 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 to \$25,000,000.

Section 46. Amends AS 43.75.018(d), as amended in sec. 45, to reduce the total amount

Representative Cathy Muñoz

March 5, 2010

Page 5

of credits allowed to the amount in current law, \$150,000.

Section 47. Adds a new subsection to AS 43.75.018 to state that the credit may not reduce the tax liability below zero and that an unused credit may not be sold, traded, transferred, or applied in a subsequent tax year.

Section 48. Amends AS 43.77.045(a) to allow credits for cash contributions accepted for facilities and vocational education courses and programs. Credits are applied against the tax due under AS 43.77.

Section 49. Amends AS 43.77.045(a), as amended in sec. 48, to return the language of the subsection to its current form.

Section 50. Amends AS 43.77.045(b) to increase the amount of contributions eligible for the tax credit.

Section 51. Amends AS 43.77.045(b), as amended in sec. 50, to return the language of the subsection to its current form.

Section 52. Amends AS 43.77.045(d) to increase the total amount of credits allowed under AS 21.89.070, 21.89.075, 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 to \$25,000,000.

Section 53. Amends AS 43.77.045(d), as amended in sec. 52, to reduce the total amount of credits allowed to the amount in current law, \$150,000.

Section 54. Adds a new subsection to AS 43.77.045 to state that the credit may not reduce the tax liability below zero and that an unused credit may not be sold, traded, transferred, or applied in a subsequent tax year.

Section 55. Repeals the listed statutory subsections and paragraphs. Under sec. 57, the repeals take effect on January 1, 2014.

Section 56. Provides that secs. 1, 2, 4, 6, 8, 9, 11 - 13, 15, 17, 19, 20, 22, 24, 26, 27, 29, 31, 33, 34, 36, 38, 40, 41, 43, 45, 47, 48, 50, 52, and 54 take effect January 1, 2011.

Section 57. Provides that the sections not listed in sec. 56 take effect on January 1, 2014.

DMB:plm
10-143.plm

House Bill 367

Tax Credits

for

Donations for Educational Purposes &
Facilities

HB 367 Impacts 7 Different Tax Types:

- **5 Administered by Revenue**
 - Oil & Gas Property Tax
 - Oil & Gas Production Tax
 - Corporate Income Tax
 - Mining License Tax
 - Fisheries Business Tax
- **2 Administered by Commerce**
 - 2 sections under Health Insurance Providers Tax

How the Current Tax Credit Statutes Work

A contributor receives a 50% credit for the first \$100,000 and a 100% credit for the second \$100,000.

AlaskaCo contributes \$500,000 to AKU:

Contribution	%	Credit
\$100,000	50%	\$50,000
\$100,000	100%	\$100,000
\$100,000		
\$100,000		
\$100,000		
<hr/>		
\$500,000		\$150,000*

*Maximum allowable credit per individual contributor per year

How Tax Credit work under HB 367

A contributor receives a 50% credit for the first \$100,000, a 100% credit for the second \$200,000 and a 50% credit for all dollars over \$300,000.

AlaskaCo contributes \$500,000 to AKU:

Contribution	%	Credit
\$100,000	50%	\$50,000
\$100,000	100%	\$100,000
\$100,000	100%	\$100,000
\$100,000	50%	\$50,000
\$100,000	50%	\$50,000
<hr/>		
\$500,000		\$350,000*

*Maximum one-year credit accrual: \$25million