

SB

236

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS



MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

Sponsor Statement for 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, state income tax payers who make cash contributions to an Alaskan educational or vocational institution receive a tax credit of 50 percent for contributions up to \$100,000 and 100 percent for contributions between \$100,000 and \$200,000. Therefore, maximum tax credit allowable in any given year is \$150,000.

SB 236 amends current the current statutes regarding higher education tax credits by adding a third tier - allowing for a 50 percent tax credit for contributions in excess of \$200,000.

This limit appears to be having a constraining effect on corporate donations to & investments in educational and vocational institutions in Alaska. In 2008, only 11 donors contributed enough to the University of Alaska to maximize the current tax credit; only 4 donors gave more.

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, many businesses are interested in, through commercialization of university-generated information and technologies, helping Alaska's universities expand their existing scientific research & development capacities – a process that has become a major source for economic development and diversification in other states.

By facilitating greater cooperation between Alaska's business and education sectors, and encouraging greater financial support from the former to the latter, SB 236 hopes important workforce and economic development goals such as the following can be achieved:

- Strengthening workforce development and job opportunities for Alaskans
- Increasing collaboration between Alaska's employers and its higher education institutions
- Diversifying funding sources for Alaska's higher education institutions
- Enhancing student success through internships, K-12 outreach, camps, and other developmental programs
- Developing research programs that contribute to economic development in Alaska

26-LS1191S

2/1/10

Jomo Stewart, Committee Aide
(907) 465 - 6874

Murray Richmond, Committee Aide
(907) 465 - 6443

Senate_Education@legis.state.ak.us

SENATE EDUCATION COMMITTEE

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SENATOR CHARLIE HUGGINS
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SENATOR DONALD OLSON

SECTIONAL ANALYSIS CS for Senate Bill 236

Section 1:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 2:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 3:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 4:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

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Section 5:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 6:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 7:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types

Leaves in place impact of claiming tax credits in Alaska on a contributor's ability to claim deductions for charitable giving under Federal Tax code.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 8:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 9:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 10:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 11:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 12:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 13:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 14:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 15:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 16:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 17:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 18:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 19:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 20:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 21:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 22:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 23:

Establishes an effective date of January 1, 2011

**SITKA ECONOMIC DEVELOPMENT ASSOCIATION**

329 Harbor Drive, Suite 212 • Sitka, Alaska 99835 • (907) 747-2660 • fax (907) 747-7688 • www.sitka.net

RECEIVED

March 17, 2010

MAR 17 2010

Senator Bert Stedman
Finance Committee Co-Chair
Alaska State Capitol, Room #516
Juneau, Alaska 99801

Dear Senator Stedman:

The Sitka Economic Development Association (SEDA) would like to express its support for Senate Bill 236, an "Act relating to tax credits for cash contributions by corporate taxpayers that are accepted for certain educational purposes or for a facility."

SEDA recognizes that education is a key component to economic development and requests your support for Senate Bill 236. The current cap of \$150,000 in annual tax credits on corporate contributions to Alaskan higher education institutions discourages maximum giving. Adding the 50% tax credit for contributions over \$200,000 will encourage larger corporate contributions to Alaska's Universities, colleges, and vocational training schools.

Institutions of higher education play a multi-faceted role in economic development by:

1. Creating a skilled workforce that is prepared to support Alaska's key industries;
2. Providing scientific research and development of new technologies that can be commercialized or utilized in a manner that benefits Alaska's communities; and
3. Directly contributing to local and regional economies through job creation and spending.

This bill is a significant step toward diversifying funding sources for Alaska's institutions of higher education and strengthening workforce development and employment opportunities for Alaskans.

We encourage passage of Senate Bill 236 during the current session of the Twenty-sixth Legislature.

Thank you for your consideration.

Best regards,

Garry White, Executive Director



DOYON
Limited®

1 Doyon Place, Suite 300

Fairbanks, Alaska 99701

Telephone: (907) 473-4755

Telex: Doyon 99-2000

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

**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.



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

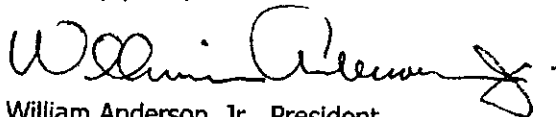
Dear President Hamilton:

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



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

RESOLUTION 10-0222B

A RESOLUTION IN SUPPORT OF SENATE BILL 236, 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—to amend the current tax credit by adding third tier, 50 percent for contributions in excess of \$200,000, and to clarify that contributions may be made to support facilities at any qualifying institution.

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 22nd, 2010, the Greater Fairbanks Chamber of Commerce strongly supports SB 236 and encourages its 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



Dan Britton
Board Chair
Greater Fairbanks Chamber of Commerce



Lorna Shaw
Chair
Governmental Relations Committee

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

February 4, 2010

Dear Members of the Senate Education Committee:

I am writing in support of Senate Bill 236, 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 Senate Bill 236 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 Senate Bill 236 now.

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

Yours truly,


Edward Rasmuson



Dear Senate Education Committee Members:

I am writing on behalf of GCI 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.

GCI was founded in Alaska in 1979 and our corporate headquarters are still located in Anchorage. We have over 1,600 employees and their families living across the state. We take pride in contributing to Alaska's economic development and diversification and are committed to providing employment opportunities for Alaskans as we build our business in the future.

Our ability to continue to grow today and in the future 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.

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,

A handwritten signature in black ink, appearing to read "Gregory W. Pearce".

Gregory W. Pearce
Vice President & General Manager
Commercial Services

2550 Denali Street, Suite 1000 • Anchorage, Alaska 99503 (907) 868-5600

26-LS1191\W
Bullock
2/12/10

CS FOR SENATE BILL NO. 236(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE EDUCATION COMMITTEE

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(a), as amended by sec. 2 of this Act, is amended to read:

2 (a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or
3 AS 21.66.110 for 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,
11 AND FACILITIES] by a state-operated vocational technical education and training
12 school [; AND

13 (4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE,
14 ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A
15 REGIONAL ACCREDITATION ASSOCIATION].

16 * **Sec. 4.** AS 21.89.070(b) is amended to read:

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

18 (1)] an amount equal to

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

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

21 (3) 50 percent of the amount of contributions that exceed \$200,000 300,000

22 [OR

23 (2) 50 PERCENT OF THE TAXPAYER'S TAX LIABILITY UNDER
24 THIS TITLE].

25 * **Sec. 5.** AS 21.89.070(b), as amended by sec. 4 of this Act, is amended to read:

26 (b) The amount of the credit is the lesser of

27 (1) an amount equal to

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

30 (B) [(2)] 100 percent of the next \$100,000 of contributions; or

31 (2) 50 percent of the taxpayer's tax liability under this title [AND

(3) 50 PERCENT OF THE AMOUNT OF CONTRIBUTIONS THAT EXCEED \$200,000].

*see 217
as con-tributions*

* Sec. 6. AS 21.89.070(d) is amended to read:

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

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

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 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, result in the total amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

* Sec. 7. AS 21.89.070(d), as amended by sec. 6 of this Act, is amended to read:

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

(1) be the basis for a credit claimed under more than one provision of this title; and

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 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, result in the total amount of credits exceeding \$150,000 [\$25,000,000].

* Sec. 8. AS 21.89.070 is amended by adding a new subsection to read:

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

* Sec. 9. AS 21.89.075(c) is amended to read:

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

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

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

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

* Sec. 10. AS 21.89.075(c), as amended by sec. 9 of this Act, is amended to read:

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

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

(2) when combined with contributions that are the basis for credits taken during the taxpayer's tax year under AS 21.89.070, 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, result in the total amount of credits exceeding \$150,000 [\$25,000,000]; or

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

* Sec. 11. AS 21.89.075 is amended by adding a new subsection to read:

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

* Sec. 12. AS 43.05.010 is amended to read:

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

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

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

(3) prescribe uniform rules for investigations and hearings;

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

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

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

(7) hold hearings and investigations necessary for the administration of

1 state tax and revenue laws;

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

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

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

10 (11) administer oaths and take acknowledgments;

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

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

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

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

22 * Sec. 13. AS 43.20.014(a) is amended to read:

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

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

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

31 (3) for vocational education courses, programs, and facilities by a

1 state-operated vocational technical education and training school; and

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

4 * Sec. 14. AS 43.20.014(a), as amended by sec. 13 of this Act, is amended to read:

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

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

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

13 (3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS,
14 AND FACILITIES] by a state-operated vocational technical education and training
15 school [; AND

16 (4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE,
17 ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A
18 REGIONAL ACCREDITATION ASSOCIATION].

19 * Sec. 15. AS 43.20.014(b) is amended to read:

20 (b) The amount of the credit is

21 (1) 50 percent of contributions of not more than \$100,000; [AND]

22 (2) 100 percent of the next \$100,000 of contributions; and

23 (3) 50 percent of the amount of contributions that exceed \$200,000.

24 * Sec. 16. AS 43.20.014(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;

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

30 (3) when combined with contributions that are the basis for credits
31 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.55.019,

1 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
2 amount of credits exceeding \$25,000,000 [EXCEED \$150,000].

3 * Sec. 17. AS 43.20.014(d), as amended by sec. 16 of this Act, is amended to read:

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

5 (1) be the basis for a credit claimed under another provision of this
6 title;

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

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

13 * Sec. 18. AS 43.20.014 is amended by adding a new subsection to read:

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

18 * Sec. 19. AS 43.55.019(a) is amended to read:

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

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

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

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

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

31 * Sec. 20. AS 43.55.019(a), as amended by sec. 19 of this Act, is amended to read:

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

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

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

9 (3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS,
10 AND FACILITIES] by a state-operated vocational technical education and training
11 school [; AND

12 (4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE,
13 ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A
14 REGIONAL ACCREDITATION ASSOCIATION].

15 * Sec. 21. AS 43.55.019(b) is amended to read:

16 (b) The amount of the credit is

17 (1) 50 percent of contributions of not more than \$100,000; [AND]

18 (2) 100 percent of the next \$100,000 of contributions; and

19 (3) 50 percent of the amount of contributions that exceed \$200,000.

20 * Sec. 22. AS 43.55.019(d) is amended to read:

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

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

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

28 * Sec. 23. AS 43.55.019(d), as amended by sec. 22 of this Act, 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 under another provision of this
31 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 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
4 amount of credits exceeding \$150,000 [\$25,000,000].

5 * Sec. 24. AS 43.55.019 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. 25. AS 43.56.018(a) is amended to read:

11 (a) The owner of property taxable under this chapter 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. 26. AS 43.56.018(a), as amended by sec. 25 of this Act, is amended to read:

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

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

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

1 (3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS,
2 AND FACILITIES] by a state-operated vocational technical education and training
3 school [; AND

4 (4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE,
5 ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A
6 REGIONAL ACCREDITATION ASSOCIATION].

7 * Sec. 27. AS 43.56.018(b) is amended to read:

8 (b) The amount of the credit is

9 (1) 50 percent of contributions of not more than \$100,000; [AND]

10 (2) 100 percent of the next \$100,000 of contributions; and

11 (3) 50 percent of the amount of contributions that exceed \$200,000.

12 * Sec. 28. AS 43.56.018(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 43.55.019, 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. 29. AS 43.56.018(d), as amended by sec. 28 of this Act, is amended to read:

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

22 (1) be the basis for a credit claimed under another provision of this
23 title; and

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

28 * Sec. 30. AS 43.56.018 is amended by adding a new subsection to read:

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

1 a subsequent tax year.

2 * **Sec. 31.** AS 43.65.018(a) is amended to read:

3 (a) A person engaged in the business of mining in the state is allowed a credit
4 against the tax due under this chapter for 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. 32.** AS 43.65.018(a), as amended by sec. 31 of this Act, is amended to read:

16 (a) A person engaged in the business of mining in the state is allowed a credit
17 against the tax 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,
25 AND FACILITIES] by a state-operated vocational technical education and training
26 school [; AND

27 (4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE,
28 ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A
29 REGIONAL ACCREDITATION ASSOCIATION].

30 * **Sec. 33.** AS 43.65.018(b) is amended to read:

31 (b) The amount of the credit is

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

4 * Sec. 34. AS 43.65.018(d) is amended to read:

- 5 (d) A contribution claimed as a credit under this section may not
6 (1) be the basis for a credit claimed [AS A CREDIT] under another
7 provision of this title; and
8 (2) when combined with contributions that are the basis for credits
9 taken during the taxpayer's tax year under AS 21.89.070, 21.89.075, AS 43.20.014,
10 AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total
11 amount of the credits exceeding \$25,000,000 [EXCEED \$150,000].

12 * Sec. 35. AS 43.65.018(d), as amended by sec. 34 of this Act, 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 under another provision of this
15 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 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total
19 amount of the credits exceeding \$150,000 [\$25,000,000].

20 * Sec. 36. AS 43.65.018 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. 37. AS 43.75.018(a) is amended to read:

- 26 (a) A person engaged in a fisheries business is allowed a credit against the tax
27 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. 38. AS 43.75.018(a), as amended by sec. 37 of this Act, is amended to read:

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

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

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

16 (3) [FOR VOCATIONAL EDUCATION COURSES, PROGRAMS,
17 AND FACILITIES] by a state-operated vocational technical education and training
18 school [; AND

19 (4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE,
20 ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A
21 REGIONAL ACCREDITATION ASSOCIATION].

22 * Sec. 39. 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. 40. 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 \$25,000,000 [EXCEED \$150,000].

4 * Sec. 41. AS 43.75.018(d), as amended by sec. 40 of this Act, is amended to read:

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

6 (1) be the basis for a credit claimed under another provision of this
7 title; and

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

12 * Sec. 42. AS 43.75.018 is amended by adding a new subsection to read:

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

17 * Sec. 43. AS 43.77.045(a) is amended to read:

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

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

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

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

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

31 * Sec. 44. AS 43.77.045(a), as amended by sec. 43 of this Act, is amended to read:

1 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in
2 a floating fisheries business is allowed a credit against the tax due under this chapter
3 for 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,
11 AND FACILITIES] by a state-operated vocational technical education and training
12 school [; AND

13 (4) FOR A FACILITY BY A NONPROFIT, PUBLIC OR PRIVATE,
14 ALASKA TWO-YEAR OR FOUR-YEAR COLLEGE ACCREDITED BY A
15 REGIONAL ACCREDITATION ASSOCIATION].

16 * Sec. 45. AS 43.77.045(b) is amended to read:

17 (b) The amount of the credit is

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

19 (2) 100 percent of the next \$100,000 of contributions; and

20 (3) 50 percent of the amount of contributions that exceed \$200,000.

21 * Sec. 46. AS 43.77.045(d) is amended to read:

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

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

25 (2) 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 43.20.014,
27 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total
28 amount of the credits exceeding \$25,000,000 [EXCEED \$150,000].

29 * Sec. 47. AS 43.77.045(d), as amended by sec. 46 of this Act, 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 under another provision of this

1 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 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total
5 amount of the credits exceeding \$150,000 [\$25,000,000].

6 * **Sec. 48.** AS 43.77.045 is amended by adding a new subsection to read:

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

11 * **Sec. 49.** AS 21.06.110(9); AS 21.89.070(f), 21.89.075(f); AS 43.05.010(15);
12 AS 43.20.014(b)(3), 43.20.014(f); AS 43.55.019(b)(3), 43.55.019(f); AS 43.56.018(b)(3),
13 43.56.018(f); AS 43.65.018(b)(3), 43.65.018(f); AS 43.75.018(b)(3), 43.75.018(f);
14 AS 43.77.045(b)(3), and 43.77.045(f) are repealed.

15 * **Sec. 50.** Sections 1, 2, 4, 6, 8, 9, 11 - 13, 15, 16, 18, 19, 21, 22, 24, 25, 27, 28, 30, 31, 33,
16 34, 36, 37, 39, 40, 42, 43, 45, 46, and 48 of this Act take effect January 1, 2011.

17 * **Sec. 51.** Except as provided in sec. 50 of this Act, this Act takes effect January 1, 2014.

26-LS1191P
Bullock
2/4/10

CS FOR SENATE BILL NO. 236(EDC)

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

BY THE SENATE EDUCATION COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE EDUCATION COMMITTEE

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 before January 1, 2014,

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.

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 claimed as a credit under more than one provision of this title

13 [; AND

14 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
15 TAXPAYER'S TAX YEAR UNDER AS 21.89.075, AS 43.20.014, AS 43.55.019,
16 AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

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

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

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

20 [(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
21 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, AS 43.20.014, AS 43.55.019,
22 AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000;]

23 or

24 (2) [(3)] be claimed as a credit unless the contribution qualifies for the
25 credit under (d) of this section.

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

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

28 (1) exercise general supervision and direct the activities of the
29 Department of Revenue;

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

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

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

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

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

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

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

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

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

18 (11) administer oaths and take acknowledgments;

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

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

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

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

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

31 (a) A taxpayer is allowed a credit against the tax due under this chapter for

1 cash contributions accepted before January 1, 2014,

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.

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

13 (b) The amount of the credit is

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

15 (2) 100 percent of the next \$100,000 of contributions; and

16 (3) 50 percent of the amount of contributions that exceed \$200,000.

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

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

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

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

22 (3) WHEN COMBINED WITH CREDITS TAKEN DURING THE
23 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.55.019,
24 AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

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

26 (a) A producer of oil or gas is allowed a credit against the tax due under this
27 chapter for cash contributions accepted before January 1, 2014,

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.

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

8 (b) The amount of the credit is

9 (1) 50 percent of contributions of not more than \$100,000; [AND]

10 (2) 100 percent of the next \$100,000 of contributions; and

11 (3) 50 percent of the amount of contributions that exceed \$200,000.

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 claimed as a credit under another provision of this title [; AND

15 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
16 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,
17 AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

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

19 (a) The owner of property taxable under this chapter is allowed a credit
20 against the tax due under this chapter for cash contributions accepted before
21 January 1, 2014,

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.

1 * Sec. 14. AS 43.56.018(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. 15. AS 43.56.018(d) is amended to read:

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

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

9 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE

10 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,

11 AS 43.55.019, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

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

13 (a) A person engaged in the business of mining in the state is allowed a credit
14 against the tax due under this chapter for cash contributions accepted before
15 January 1, 2014,

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

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

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

24 (4) for a facility by a nonprofit, public or private, Alaska two-year
25 or four-year college.

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

27 (b) The amount of the credit is

28 (1) 50 percent of contributions of not more than \$100,000; [AND]

29 (2) 100 percent of the next \$100,000 of contributions; and

30 (3) 50 percent of the amount of contributions that exceed \$200,000.

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

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

2 [(1)] be claimed as a credit under another provision of this title [; AND

3 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
4 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,
5 AS 43.55.019, AS 43.56.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

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

7 (a) A person engaged in a fisheries business is allowed a credit against the tax
8 due under this chapter for cash contributions accepted **before January 1, 2014,**

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

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

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

17 **(4) for a facility by a nonprofit, public or private, Alaska two-year**
18 **or four-year college.**

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

20 (b) The amount of the credit is

21 (1) 50 percent of contributions of not more than \$100,000; [AND]

22 (2) 100 percent of the next \$100,000 of contributions; **and**

23 **(3) 50 percent of the amount of contributions that exceed \$200,000.**

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

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

26 [(1)] be claimed as a credit under another provision of this title [; AND

27 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
28 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,
29 AS 43.55.019, AS 43.56.018, AS 43.65.018, OR AS 43.77.045, EXCEED \$150,000].

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

31 (a) In addition to the credit allowed under AS 43.77.040, a person engaged in

1 a floating fisheries business is allowed a credit against the tax due under this chapter
2 for cash contributions accepted before January 1, 2014,

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

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

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

11 (4) for a facility by a nonprofit, public or private, Alaska two-year
12 or four-year college.

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

14 (b) The amount of the credit is

15 (1) 50 percent of contributions of not more than \$100,000; [AND]

16 (2) 100 percent of the next \$100,000 of contributions; and

17 (3) 50 percent of the amount of contributions that exceed \$200,000.

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

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

20 [(1)] be claimed as a credit under another provision of this title [; AND

21 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
22 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,
23 AS 43.55.019, AS 43.56.018, AS 43.65.018, OR AS 43.75.018, EXCEED \$150,000].

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

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS



MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

SECTIONAL ANALYSIS CS for Senate Bill 236

Section 1:

Directs the Director of the Division of Insurance to, as early as possible within the calendar year, make an Annual Report to the Commissioner of the Department of Commerce & Economic Development and the Legislature regarding contributions made and credits claimed under the relevant statutes.

Section 2:

Creates a sunset date for the revised tax credit regime.

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 3:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 4:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

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Murray Richmond, Committee Aide
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Section 5:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 5:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 6:

Directs the Commissioner of the Department of Revenue to, before February 15th of a given year, make an Annual Report to the Legislature regarding contributions made and credits claimed under the relevant statutes.

Section 7:

Creates a sunset date for the revised tax credit regime.

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 8:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 9:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types

Leaves in place impact of claiming tax credits in Alaska on a contributor's ability to claim deductions for charitable giving under Federal Tax code.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 10:

Creates a sunset date for the revised tax credit regime.

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 11:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 12:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 13:

Creates a sunset date for the revised tax credit regime.

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 14:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 15:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 16:

Creates a sunset date for the revised tax credit regime.

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 17:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 18:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 19:

Creates a sunset date for the revised tax credit regime.

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 20:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 21:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 22:

Creates a sunset date for the revised tax credit regime.

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at a nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 23:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 24:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 25:

Establishes an effective date of January 1, 2011

Three-year look-back at current system:

Alaska State Department of Revenue 2008 Annual Report

Education tax credits used in 2007 through 2009 (2009 is preliminary) are as follows:

| | FY2007 | FY2008 | FY2009 | Grand Total |
|------------------------|--------------|--------------|--------------|--------------|
| CIT Non-Oil | \$ 756,916 | \$ 841,249 | \$ 668,183 | \$ 2,266,348 |
| CIT Oil & Gas | \$ 456,500 | \$ 456,500 | \$ 395,750 | \$ 1,308,750 |
| Fisheries Business Tax | \$ 300,000 | \$ 450,000 | \$ 450,000 | \$ 1,200,000 |
| Fisheries Landing Tax | \$ 1,200,000 | \$ 1,050,000 | \$ 150,000 | \$ 2,400,000 |
| Insurance Tax | \$ 450,000 | \$ 450,000 | \$ 300,000 | \$ 1,200,000 |
| Mining Tax | \$ 189,626 | \$ 10,814 | \$ - | \$ 200,440 |
| Grand Total* | \$ 3,353,042 | \$ 3,258,563 | \$ 1,963,933 | \$ 8,575,538 |

* Total does not include credits used against O&G production or property taxes

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS



MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

Sponsor Statement for 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, state income tax payers who make cash contributions to an Alaskan educational or vocational institution receive a tax credit of 50 percent for contributions up to \$100,000 and 100 percent for contributions between \$100,000 and \$200,000. Therefore, maximum tax credit allowable in any given year is \$150,000.

SB 236 amends current the current statutes regarding higher education tax credits by adding a third tier - allowing for a 50 percent tax credit for contributions in excess of \$200,000.

This limit appears to be having a constraining effect on corporate donations to & investments in educational and vocational institutions in Alaska. In 2008, only 11 donors contributed enough to the University of Alaska to maximize the current tax credit; only 4 donors gave more.

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, many businesses are interested in, through commercialization of university-generated information and technologies, helping Alaska's universities expand their existing scientific research & development capacities – a process that has become a major source for economic development and diversification in other states.

By facilitating greater cooperation between Alaska's business and education sectors, and encouraging greater financial support from the former to the latter, SB 236 hopes important workforce and economic development goals such as the following can be achieved:

- Strengthening workforce development and job opportunities for Alaskans
- Increasing collaboration between Alaska's employers and its higher education institutions
- Diversifying funding sources for Alaska's higher education institutions
- Enhancing student success through internships, K-12 outreach, camps, and other developmental programs
- Developing research programs that contribute to economic development in Alaska

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2/1/10

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Senate Bill 236

Tax Credits

for

Donations for Educational Purposes &
Facilities

SB236 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 the Current Tax Credit Statutes Work

Earned credits can be divided to impact multiple tax obligations

AlaskaCo contributed \$500,000 to AKU:

| Contribtn | % | Credit | | |
|-----------|------|------------------|---|-----------------------------------|
| \$100,000 | 50% | \$50,000 | | |
| \$100,000 | 100% | \$100,000 | | |
| \$100,000 | | | | |
| \$100,000 | | | | |
| \$100,000 | | | | |
| <hr/> | | | | |
| \$500,000 | | \$150,000 | → | \$50,000 Oil & Gas Property Tax |
| | | | → | \$50,000 Oil & Gas Production Tax |
| | | | → | \$50,000 Corporate Income Tax |

How Tax Credit work under SB236

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

AlaskaCo contributes \$500,000 to AKU:

| Contribution | % | Credit |
|--------------|------|------------|
| \$100,000 | 50% | \$50,000 |
| \$100,000 | 100% | \$100,000 |
| \$100,000 | 50% | \$50,000 |
| \$100,000 | 50% | \$50,000 |
| \$100,000 | 50% | \$50,000 |
| <hr/> | | |
| \$500,000 | | \$300,000* |

*No maximum contribution

How Tax Credits work under SB236

Credits earned for a single contribution can only be applied to a single tax

AlaskaCo contributed \$500,000 to AKU:

| Contribtn | % | Credit |
|-----------|------|------------------|
| \$100,000 | 50% | \$50,000 |
| \$100,000 | 100% | \$100,000 |
| \$100,000 | 50% | \$50,000 |
| \$100,000 | 50% | \$50,000 |
| \$100,000 | 50% | \$50,000 |
| <hr/> | | |
| \$500,000 | | \$300,000 |



Oil & Gas Property Tax

Oil & Gas Production Tax

Corporate Income Tax

26-LS1191\S
Bullock
2/2/10

CS FOR SENATE BILL NO. 236(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE EDUCATION COMMITTEE

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 or for facilities; and providing for an effective date."

education

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

4 * Section 1. AS 21.89.070(a) is amended to read:

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

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

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

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

1 **(4) for a facility by a nonprofit, public or private, Alaska two-year**
2 **or four-year college.**

3 * Sec. 2. AS 21.89.070(b) is amended to read:

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

5 (1)] an amount equal to

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

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

8 **(3) 50 percent of the amount of contributions that exceed \$200,000**

9 [OR

10 (2) 50 PERCENT OF THE TAXPAYER'S TAX LIABILITY UNDER
11 THIS TITLE].

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

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

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

15 [; AND

16 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
17 TAXPAYER'S TAX YEAR UNDER AS 21.89.075, AS 43.20.014, AS 43.55.019,
18 AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

19 * Sec. 4. AS 21.89.075(c) is amended to read:

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

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

22 [(2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
23 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, AS 43.20.014, AS 43.55.019,
24 AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000;]

25 or

26 **(2) [(3)]** be claimed as a credit unless the contribution qualifies for the
27 credit under (d) of this section.

28 * Sec. 5. AS 43.20.014(a) is amended to read:

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

31 (1) for direct instruction, research, and educational support purposes,

1 including library and museum acquisitions, and contributions to endowment, by an
2 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
3 four-year college accredited by a regional accreditation association;

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

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

8 (4) for a facility by a nonprofit, public or private, Alaska two-year
9 or four-year college.

10 * Sec. 6. AS 43.20.014(b) is amended to read:

11 (b) The amount of the credit is

12 (1) 50 percent of contributions of not more than \$100,000; [AND]

13 (2) 100 percent of the next \$100,000 of contributions; and

14 (3) 50 percent of the amount of contributions that exceed \$200,000.

15 * Sec. 7. 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 claimed as a credit under another provision of this title; and

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

20 (3) WHEN COMBINED WITH CREDITS TAKEN DURING THE
21 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.55.019,
22 AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

23 * Sec. 8. AS 43.55.019(a) is amended to read:

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

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

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

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

3 (4) for a facility by a nonprofit, public or private, Alaska two-year
4 or four-year college.

5 * Sec. 9. AS 43.55.019(b) is amended to read:

6 (b) The amount of the credit is

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

8 (2) 100 percent of the next \$100,000 of contributions; and

9 (3) 50 percent of the amount of contributions that exceed \$200,000.

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

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

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

13 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
14 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,
15 AS 43.56.018, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

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

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

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

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

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

27 (4) for a facility by a nonprofit, public or private, Alaska two-year
28 or four-year college.

29 * Sec. 12. AS 43.56.018(b) is amended to read:

30 (b) The amount of the credit is

31 (1) 50 percent of contributions of not more than \$100,000; [AND]

- 1 (2) 100 percent of the next \$100,000 of contributions; and
2 (3) 50 percent of the amount of contributions that exceed \$200,000.

3 * Sec. 13. AS 43.56.018(d) is amended to read:

- 4 (d) A contribution claimed as a credit under this section may not
5 [(1)] be claimed as a credit under another provision of this title [; AND
6 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
7 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,
8 AS 43.55.019, AS 43.65.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

9 * Sec. 14. AS 43.65.018(a) is amended to read:

10 (a) A person engaged in the business of mining in the state is allowed a credit
11 against the tax 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.

22 * Sec. 15. AS 43.65.018(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. 16. AS 43.65.018(d) is amended to read:

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

29 [(1)] be claimed as a credit under another provision of this title [; AND

30 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
31 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,

1 AS 43.55.019, AS 43.56.018, AS 43.75.018, OR AS 43.77.045, EXCEED \$150,000].

2 * Sec. 17. AS 43.75.018(a) is amended to read:

3 (a) A person engaged in a fisheries business is allowed a credit against the tax
4 due under this chapter for 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.

15 * Sec. 18. AS 43.75.018(b) is amended to read:

16 (b) The amount of the credit is

17 (1) 50 percent of contributions of not more than \$100,000; [AND]

18 (2) 100 percent of the next \$100,000 of contributions; and

19 (3) 50 percent of the amount of contributions that exceed \$200,000.

20 * Sec. 19. AS 43.75.018(d) is amended to read:

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

22 [(1)] be claimed as a credit under another provision of this title [; AND

23 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
24 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,
25 AS 43.55.019, AS 43.56.018, AS 43.65.018, OR AS 43.77.045, EXCEED \$150,000].

26 * Sec. 20. AS 43.77.045(a) is amended to read:

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

30 (1) for direct instruction, research, and educational support purposes,
31 including library and museum acquisitions, and contributions to endowment, by an

1 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
2 four-year college accredited by a regional accreditation association;

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

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

7 (4) for a facility by a nonprofit, public or private, Alaska two-year
8 or four-year college.

9 * Sec. 21. AS 43.77.045(b) is amended to read:

10 (b) The amount of the credit is

11 (1) 50 percent of contributions of not more than \$100,000; [AND]

12 (2) 100 percent of the next \$100,000 of contributions; and

13 (3) 50 percent of the amount of contributions that exceed \$200,000.

14 * Sec. 22. AS 43.77.045(d) is amended to read:

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

16 [(1)] be claimed as a credit under another provision of this title [; AND

17 (2) WHEN COMBINED WITH CREDITS TAKEN DURING THE
18 TAXPAYER'S TAX YEAR UNDER AS 21.89.070, 21.89.075, AS 43.20.014,
19 AS 43.55.019, AS 43.56.018, AS 43.65.018, OR AS 43.75.018, EXCEED \$150,000].

20 * Sec. 23. This Act takes effect January 1, 2011.

SENATE EDUCATION COMMITTEE

CO-CHAIRMEN:
SENATOR KEVIN MEYER
SENATOR JOE THOMAS



MEMBERS:
SENATOR BETTYE DAVIS
SENATOR CHARLIE HUGGINS
SENATOR GARY STEVENS
SENATOR DONALD OLSON

SECTIONAL ANALYSIS CS for Senate Bill 236

Section 1:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 2:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 3:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 4:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Jomo Stewart, Committee Aide
(907) 465 - 6874

Murray Richmond, Committee Aide
(907) 465 - 6443

Senate_Education@legis.state.ak.us

Section 5:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 6:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 7:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types

Leaves in place impact of claiming tax credits in Alaska on a contributor's ability to claim deductions for charitable giving under Federal Tax code.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 8:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 9:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 10:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 11:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 12:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 13:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 14:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 15:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 16:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 17:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 18:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 19:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 20:

Amends existing statute to allow tax credits for contributions to secondary school level vocational education courses, programs and facilities.

Amends existing statute to allow tax credits for contributions to all state-operated vocational education courses, programs and facilities.

Adds language to allow tax credits for contributions for facilities at nonprofit, public or private, Alaska two- and four-year colleges or universities.

Section 21:

Amends existing statute to create 50% tax credit on contributions in excess of \$200,000

Section 22:

Amends current statute to disallow the redemption of tax credits earned for a single contribution being divided across multiple tax types.

Deletes language in existing statute limiting tax credits per contributor to a maximum of \$150,000 per year.

Section 23:

Establishes an effective date of January 1, 2011



DOYON
Limited®

1 Doyon Place, Suite 300
Fairbanks, Alaska 99701

Toll free: (866) 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

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.



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 • Reposited 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 |

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/22/10

FURTHER: Finance

Date of 5-Day Notice: _____
 (in accordance with Uniform Rule 23)

DATE TURNED
 IN TO OFFICE: _____

Education Committee considered SENATE BILL NO. 236

SB 236 TAX CREDITS FOR EDUCATIONAL CONTRIBUTIONS

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

and recommends:

- be replaced with SCS or CS SB 236 (EDC)
- adopt previous SCS or CS _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

| | |
|-------------------------------------|--------------------------|
| SENATE BILL: | |
| <input type="checkbox"/> | Same Title |
| <input checked="" type="checkbox"/> | New Title |
| HOUSE BILL: | |
| <input type="checkbox"/> | Same Title |
| <input type="checkbox"/> | Technical Title Change |
| <input type="checkbox"/> | New Title w/ SCR # _____ |

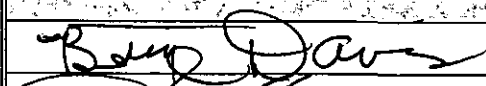
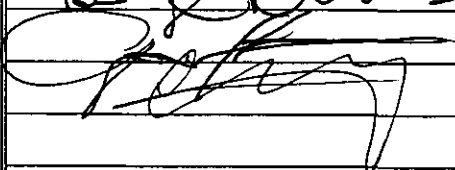
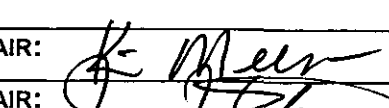
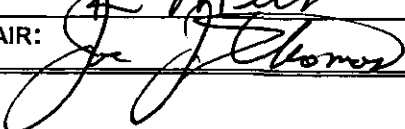
NEW FISCAL NOTE(S):

| Department | Date | Fiscal | Indet | Zero | FN# |
|------------|--------|--------|-------------------------------------|------|-----|
| REV | 2/4/10 | | <input checked="" type="checkbox"/> | | |
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| | | | | | |
| | | | | | |

PREVIOUS FISCAL NOTE(S):

| Department | Date | Fiscal | Indet | Zero | FN# |
|------------|------|--------|-------|------|-----|
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| | | | | | |
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APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | PRINTED LAST NAME | DO PASS | DO NOT PASS | NO REC | AMEND |
|---|-------------------|-------------------------------------|-------------|--------|-------|
|  | DAVIS | <input checked="" type="checkbox"/> | | | |
|  | Huggins | <input checked="" type="checkbox"/> | | | |
| CO-CHAIR:  | Meyer | <input checked="" type="checkbox"/> | | | |
| CO-CHAIR:  | Thomas | <input checked="" type="checkbox"/> | | | |

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB236
 () Publish Date: _____

Identifier (file name): SB236-REV-TAX-02-04-10
 Title: Tax Credits for Educational Contributions
 Sponsor: (EDC) Education
 Requester: Co-Chairs (S)EDC
 Dept. Affected: Revenue
 RDU: Taxation and Treasury
 Component: Tax Division
 Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

| OPERATING EXPENDITURES | Appropriation Required | Information | | | | | |
|------------------------|------------------------|-------------|------------|------------|------------|------------|------------|
| | FY 2011 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016 |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Contractual | | | | | | | |
| Supplies | | | | | | | |
| Equipment | | | | | | | |
| Land & Structures | | | | | | | |
| Grants & Claims | | | | | | | |
| Miscellaneous | | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|

| | | | | | | | |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|
| CHANGE IN REVENUES () | 0.0 | 0.0 | *** | *** | *** | 0.0 | 0.0 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|

FUND SOURCE (Thousands of Dollars)

| | | | | | | | |
|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | | |
| 1003 GF Match | | | | | | | |
| 1004 GF | | | | | | | |
| 1005 GF/Program Receipts | | | | | | | |
| 1037 GF/Mental Health | | | | | | | |
| Other Interagency Receipts | | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2010) cost: _____

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Tim Harper, Economist III/Johanna Bales, Deputy Director
 Division: Tax Division
 Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone (907) 269-1020
 Date/Time 2-4-10; 12:55pm
 Date 2-4-10; 1:16pm

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. SB 236

ANALYSIS CONTINUATION

Bill Language:

This bill increases the amount taxpayers who are currently eligible under AS 21.89.070, AS 21.89.075, AS 43.56.018, AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, and AS 43.77.045 can take for education credits. Currently, taxpayers who meet the qualifications in the statutes are limited to \$150,000 in credits on the first \$200,000 in contributions. This bill would remove the cap on credits. All additional contributions in excess of \$200,000 would be eligible for a 50% tax credit.

The intent of this bill is to provide increased contributions to qualifying higher education institutions by removing the credit cap currently in place.

Revenues:

Revenues to the State of Alaska would decline if companies increase their contributions to qualifying higher education institutions. The amount of decline cannot be determined at this time, because it is impractical and impossible to speculate on taxpayer behavior in taking advantage of this credit.

For example: if corporations were to contribute \$100 million to a college, 50% of that donation would be a tax credit thereby reducing the state's general fund by \$50 million. As the bill is written currently, there is no limit on the contribution amount.

The maximum decline in revenues the SOA could expect is the loss of all Petroleum Production and Property Taxes, all Corporate Income Taxes, all Fisheries Business Taxes, all Fisheries Landing Taxes, all Mining License Taxes, and all Insurance Taxes. In FY 2009 these taxes totaled \$3,910,000,000. Forecasted revenues for these taxes in FY 2010 and FY 2011, are \$2,866,000,000 and \$3,281,000,000 respectively. This legislation would become effective for tax years beginning January 1, 2011. Therefore this credit would be allowed against tax liabilities due beginning in fiscal year 2012. In addition, the legislation provides that only contributions made prior to January 1, 2014 would be allowed as a credit. Therefore, the effects of this legislation would run through fiscal year 2014. Projected maximum revenue losses for fiscal years 2012 through 2014 are based on forecasted revenues for fiscal year 2011.

Expenditures:

The provisions of this bill can be implemented using existing resources.