

HB

233

<TARGET><BILL>HB 233</BILL><SUBJECT>HB
233</SUBJECT><COMM>HEDC30</COMM></TARGET>

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: HB 233
Fiscal Note Number: _____
() Publish Date: _____

Identifier: DOR-TAX-2-9-18
Title: EDUCATION TAX CREDITS; SUNSET; REPEALS
Sponsor: TUCK
Requester: House Education Committee

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1250 UGF Rev (UGF)	(3,420.0)		(6,840.0)	(6,840.0)	(6,840.0)	(6,840.0)	(6,840.0)
Total	(3,420.0)	0.0	(6,840.0)	(6,840.0)	(6,840.0)	(6,840.0)	(6,840.0)

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? no
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Initial Version

Prepared By:	Ken Alper, Director	Phone:	(907)465-8221
Division:	Tax Division	Date:	02/09/2018
Approved By:	Mike Barnhill	Date:	02/10/18
Agency:	DOR		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. HB233

Analysis

The Education Tax Credit has been in existence since 1987, and has been extended multiple times. The credit is based on a percentage of donations to eligible organizations, and can be used to reduce tax liability against any one of seven different taxes: insurance premium tax, corporate income tax, mining license tax, fisheries business tax, fisheries resource landing tax, oil and gas production tax, and oil and gas property tax. Eligible organizations include schools as well as vocational education and certain cultural and pre-school programs. The credit is claimed by a taxpayer when they file their tax return; there is no pre-approval process.

HB233 makes two sets of changes to uncodified law. First, the overall program is extended from the current statutory sunset of December 31, 2018, to December 31, 2024. Because the credit exists in seven different statutes, this requires multiple concurrent changes.

Second, the current rate at which the credit is applied is also extended. The credit rate was increased substantially in 2010, and is currently \$250,000 out of the first \$300,000 of a donation (83%) with a per-company cap of \$5 million. The smaller historic credit rate, \$150,000 of the first \$300,000 (50%) with a cap of \$150,000, is scheduled to take effect on 1/1/21 (presuming the credit itself is extended). Also in 2021, the list of eligible recipients for education donations is scheduled to narrow. SB116 would eliminate the reduction in the credit rate, maintaining the 83% / \$5 million structure through the 2024 sunset, and would maintain the current list of eligible recipients.

The fiscal impact of this bill will be through reduced revenue, due to companies continuing to use the program past the current 12/31/18 sunset. Although the actual amount claimed is unknown, for purposes of this analysis we used the average amount claimed for the past three calendar years:

2015: \$7.43 million

2016: \$6.81 million

2017: \$6.29 million

Average: \$6.84 million.

The impact in FY2019 will be half this amount, due to the effective date in the middle of the fiscal year.

Continuing this program will not add administrative costs to the Department of Revenue.



February 12, 2018

Representative Harriet Drummond, Chair
House Education Committee
State Capitol, Room 108
Juneau, Alaska 99801

RE: HB 233 Education Tax Credits Sunset Extension

Dear Representative Drummond:

The At-sea Processors Association (APA) is writing today to express our support for House Bill 233 sponsored by Representative Chris Tuck. APA is a trade association representing six companies that own and operate 16 U.S. flagged catcher/processor vessels that participate principally in the federal Alaska pollock fishery.

HB 233 would extend the sunset date for education tax credits that incentivize the private sector partnerships with the State of Alaska and other institutions by investing in the education and training of Alaskans. Specifically, the current education tax credits encourage private businesses to make contributions to educational institutions and programs in Alaska, including the University of Alaska.

Since 2000, this program has allowed the members of APA to invest in programs ranging from undergraduate and graduate fellowships to research addressing current fishery management concerns to technical training for youth throughout the Norton Sound and Bering Strait Region.

Here are a few examples of the programs education tax credit funds support:

University of Alaska Fairbanks, College of Fisheries and Ocean Science
Established the Pollock Conservation Cooperative Research Center (PCCRC) which funds:
The Ted Stevens Distinguished Professorship of Marine Policy
Research Endowment
Graduate Fellowships

University of Alaska Anchorage
Kodiak College – Developing pilot Seafood Processing Industry Mini-Academy

University of Alaska Southeast
Fisheries Technology Program-Exposing HS Students to Introductory College
Fisheries Coursework through Dual-Enrollment.



Alaska Pacific University

Scholarships

Support for programs such as Fisheries, Aquatic Science and Technology Lab

Northwestern Alaska Career and Technical Center (NACTEC)

Support for vocational education training center in Nome

We believe it is important for the Legislature to extend the education tax credit to January 1, 2025 to continue to incentivize significant private sector investment to Alaskans training and education as well as supporting research improving understanding of our fishery resources.

Thank you for the opportunity to comment and please let us know if additional or more specific information would be helpful.

Sincerely,



Stephanie Madsen

Executive Director



THE STATE
of **ALASKA**

GOVERNOR BILL WALKER

Department of Revenue

TAX DIVISION

Juneau Office

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JUNEAU AK 99811-0420

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To: The Honorable Pete Kelly
President of the Senate
State Capitol, Room 111
Juneau, AK 99801

Date: February 1, 2018

The Honorable Bryce Edgmon
Speaker of the House
State Capitol, Room 208
Juneau, AK 99801

Re: Education Tax Credits

From: Sheldon Fisher *AA*
Commissioner

In accordance with AS 43.05.010(15), attached is a report showing the total amount of contributions reported and the total amount of education tax credits claimed during the calendar year 2017 under AS 43.20.014, AS 43.55.019, AS 43.65.018, AS 43.75.018, and AS 43.77.045.

If you have any questions regarding this report, please contact Anna Kim at 465-4773 or anna.kim@alaska.gov.

Attachments

**Alaska Department of Revenue
Tax Division**

**Summary of CY 2017
Alaska Education Credits**

Tax Program	Credits Claimed	Total of Contributions	Beneficiary			
			U of A	APU	Secondary Vocational	Other
Corporation Net Income	\$2,179,531	\$3,296,329	\$1,605,017	\$162,437	\$483,075	\$1,045,800
Insurance Premiums	975	1,950	1,950	-	-	-
Fishery Resource Landing	1,628,042	2,003,042	323,354	1,304,688	375,000	-
Mining License	1,828,267	3,062,836	647,490	-	2,413,346	2,000
Fisheries Business	475,149	653,771	240,789	150,313	221,500	41,169
Oil and Gas Production (No credits claimed)	-	-	-	-	-	-
Oil and Gas Property	178,000	228,000	116,000	-	100,000	12,000
Total - All Tax Types	\$6,289,964	\$9,245,928	\$2,934,599	\$1,617,438	\$3,592,921	\$1,100,969

Title: Education Tax Credit Information - Tax Liability and Amount of Credits Taken by Tax Type, FY 2012 - FY 2016

Preparer: Ky Clark, Economist, 465-8222 and Dan Stickle, Chief Economist, 465-3279

Date: 12/12/2017

Purpose: Provide the amount of credits taken on each eligible tax type under the Education Tax Credit, including the number of taxpayers and tax liability for each tax type.

Data Source: In the tables that follow, # of Taxpayers for each tax type is from Tax Division Annual Reports (2012-2016). The 'initial tax amount' and 'education tax credit taken' values are from the internal Tax Division Database.

Key Assumptions: Initial Tax Amounts are total tax liabilities for individual tax types are based on tax periods that began during the fiscal year under which they appear. Education Tax Credit Taken are also based on returns that began during the fiscal year. Due to that stated methodology, data for FY 2016 is incomplete pending receipt and processing of all returns beginning during the fiscal year.

This analysis is customized and will not match cash revenue amounts in other Department of Revenue reports and/or publications due to the methodology in developing the variables explained in the preceding paragraph.

History: This is the third version of this analysis. Tax credit amounts have been aggregately reported in the Indirect Expenditure Report. DOR provided this analysis and accompanying table for FY 2012 - FY 2014. This analysis has now been expanded to provide the same information, but for FY 2012 - FY 2016, including updated amounts for past Fiscal Years.

Disclaimer: The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

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Education Tax Credit Information - Tax Liability and Amount of Credits Taken by Tax Type for FY 2012 - FY 2016

From DOR	FY2016 ¹			
Tax Type	# of tax payers	Initial Tax Amount*	Education Tax Credit Taken	% of Taxes diverted through ETC**
Oil and Gas Corporate	D/I	\$23,635,659	\$970,540	4.11%
Other Corporate	15761	\$93,172,929	\$961,791	1.03%
Fisheries Business License	405	\$41,199,567	\$475,149	1.15%
Fisheries Resource Landing	55	\$12,711,118	\$1,628,042	12.81%
Mining License	503	\$43,200,749	\$1,828,267	4.23%
Totals	16724	\$213,920,022	\$5,863,789	2.74%

From DOR	FY2015			
Tax Type	# of tax payers	Initial Tax Amount*	Education Tax Credit Taken	% of Taxes diverted through ETC**
Oil and Gas Corporate	D/I	\$52,037,028	\$1,717,204	3.30%
Other Corporate	15089	\$111,944,098	\$2,996,993	2.68%
Fisheries Business License	347	\$43,555,914	\$617,503	1.42%
Fisheries Resource Landing	68	\$13,037,946	\$1,000,000	7.67%
Mining License	468	\$12,249,820	\$1,834,051	14.97%
Totals	15972	\$232,824,806	\$8,165,751	3.51%

¹ Data for FY 2016 is incomplete and only includes data from returns received prior to this analysis.

* Initial tax amount refers to tax liability prior to any applied credits.

** % of tax is calculated by dividing Education Tax Credit Taken over Initial Tax Amount.

D/I: Data is incomplete or currently unavailable.

Note: Tax Liability and Education Credit amounts are based on return periods that began during their respective fiscal year. These amounts will not match cash revenue amounts in other DOR reports.

From DOR	FY2014			
Tax Type	# of tax payers	Initial Tax Amount*	Education Tax Credit Taken	% of Taxes diverted through ETC**
Oil and Gas Corporate	32	\$221,333,910	\$2,069,854	0.94%
Other Corporate	11760	\$120,938,612	\$2,538,641	2.10%
Fisheries Business License	420	\$46,577,774	\$535,000	1.15%
Fisheries Resource Landing	63	\$12,952,546	\$925,000	7.14%
Mining License	366	\$39,286,449	\$2,098,668	5.34%
Totals	12641	\$441,089,291	\$8,167,163	1.85%

From DOR	FY2013			
Tax Type	# of tax payers	Initial Tax Amount*	Education Tax Credit Taken	% of Taxes diverted through ETC**
Oil and Gas Corporate	18	\$335,092,436	\$2,646,802	0.79%
Other Corporate	12086	\$112,103,608	\$1,562,349	1.39%
Fisheries Business License	393	\$53,104,752	\$760,599	1.43%
Fisheries Resource Landing	50	\$12,677,059	\$925,000	7.30%
Mining License	452	\$33,013,975	\$1,737,269	5.26%
Totals	12999	\$545,991,830	\$7,632,019	1.40%

* Initial tax amount refers to tax liability prior to any applied credits.

** % of tax is calculated by dividing Education Tax Credit Taken over Initial Tax Amount.

Note: Tax Liability and Education Credit amounts are based on return periods that began during their respective fiscal year. These amounts will not match cash revenue amounts in other DOR reports.

From DOR Tax Type	FY2012			% of Taxes diverted through ETC**
	# of tax payers	Initial Tax Amount*	Education Tax Credit Taken	
Oil and Gas Corporate	32	\$440,258,838	\$2,874,839	0.65%
Other Corporate ¹	11884	\$120,000,000	\$2,321,963	1.93%
Fisheries Business License	433	\$50,667,463	\$650,000	1.28%
Fisheries Resource Landing	67	\$14,483,858	\$924,771	6.38%
Mining License	551	\$48,332,290	\$1,643,079	3.40%
Totals	12967	\$673,742,449	\$8,414,652	1.25%

¹ The Initial Tax Amount for Other Corporate in FY 2012 is an estimated amount.

* Initial tax amount refers to tax liability prior to any applied credits.

** % of tax is calculated by dividing Education Tax Credit Taken over Initial Tax Amount.

Note: Tax Liability and Education Credit amounts are based on return periods that began during their respective fiscal year. These amounts will not match cash revenue amounts in other DOR reports.



Representative Chris Tuck

House Majority Leader

Serving House District 23 • Dimond Estates, Foxridge, Taku, Campbell, Northwood, and Windemere

Sectional Analysis House Bill 233 Education Tax Credits

Section 1 – LEGISLATIVE FINDINGS AND INTENT:

This section clarifies that the Legislature is extending the effective date for the repeal of the education tax credits from **December 31, 2018 to January 1, 2025.**

In addition:

The intent is that the education tax credits will remain as they appear in statute today until they are repealed on January 1, 2025. Currently (even if the effective date of repeal was extended to 2025) the credits were on course to decrease in dollar value and narrow in scope on January 1, 2021.

Complete legislative action, which ensures that the repeal is extended to January 1, 2025 and that the scope of the credits would remain beyond January 1, 2021 is proposed in this bill. The bill syncs all credits as they exist in statute today to at least January 1, 2025.

Section 2 - This portion of House Bill 233 (HB 233) repeals multiple, old statutory provisions (pursuant to legislative drafting guidelines).

HB 233 repeals the following sections:

- A. Section 3, ch. 92, SLA 2010 – Revised AS 21.89.070(a) which was later renumbered as AS 21.96.070(a). AS 21.96.070 is the insurance tax education credit. Under AS 21.89.070(a), according to Section 3, the credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses. A tax payer was allowed a credit against the tax due under AS 21.09.210 (tax on insurer) or AS 21.66.110 (annual tax on insurance premiums) for those cash contributions.

Noteworthy: The change to the statute that exists today (which is also listed as AS 21.96.070(a)) was found in Section 2, ch. 92, SLA 2010. Section 2 broadened the credit, and added specific language to include contributions for facilities.

So, HB 233 continues its repeal of Section 3 and allows Section 2 to remain. Section 2 contains broadened verbiage. Failure to pass HB 233 would narrow the scope of contributions, and what they can be used for.

- B. Section 5, ch. 92, SLA 2010 – Revised AS 21.89.070(b) which was later renumbered as AS 21.96.070(b)(still the insurance tax education credit). Under listed statute 21.89.070(b), according to

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State Capitol, Room 204
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1500 W Benson Blvd, Ste 217
Anchorage, AK 99503
Phone (907) 269-0240

Section 5, the amount of the credit was the lesser of the amount equal to 50% of contributions of not more than \$100,000 and 100% of the next \$100,000 of contributions OR 50% of the taxpayer's tax liability under this title. In other words: In practice, the maximum annual credit was generally only \$150,000.

Noteworthy: The change to the statute that exists today (which is the renumbered AS 21.96.070(b)) was found in Section 4, ch. 92, SLA 2010. Section 4 allowed for 50% of contributions up to \$100,000, 100% for the next \$200,000, and 50% of contributions that exceed \$300,000.

So, HB 233, if passed, continues its repeal of Section 5 and allows Section 4 to remain. That equates to broader tax incentives for contributors.

- C. Section 7, ch.92, SLA 2010 – AS 21.89.070(d) was eventually renumbered to AS 21.96.070(d). AS 21.96.070 is the insurance tax education credit. Under listed statute 21.89.070(d), according to Section 7, a taxpayer was allowed a credit for cash contributions to the Alaska university foundation, or a two or four-year accredited college, or a vocational related school district program, or vocational training school. The credit could not have been claimed under more than one provision of the title. When combined with more claimed credits, the total credit could not have exceeded \$150,000.

Noteworthy: The change to the statute that exists today (which is the renumbered AS 21.96.070(d)) was found in Section 6, ch. 92 SLA 2010. Section 6 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If HB 233 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

- D. Section 10, ch.92, SLA 2010 – AS 21.89.075(c) was eventually renumbered to AS 21.96.075(c), which allowed for an insurance tax credit for contributions to the Alaska Fire Standards Council. However, listed AS 21.89.075(c), under Section 10, focused on ensuring that combined credits did not exceed \$150,000 total. To be precise, credit cannot have been claimed under more than one provision under the statute (education tax credit, income tax credit, oil and gas tax credit, property tax credit, mining tax credit, and fish tax credit) exceeding \$150,000.

Noteworthy: The change in statute that exists today (which has been renumbered to AS 21.96.075(c)), was found in Section 9, ch. 92, SLA 2010. Section 9 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If HB 233 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

- E. Section 14, ch.92, SLA 2010 – AS 43.20.014(a) – Income tax education credit – Credit for cash contribution to Alaska university foundation, or a two or four-year accredited college, or a vocational related school district program, or vocational training school.

Noteworthy: The change to the statute that exists today (which is also designated as AS 43.20.014(a)) – income tax education credit – was found in Section 13, ch. 92, SLA 2010.

So, HB 233 repeals Section 14 and allows Section 13 to remain. Section 13 added specific language to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

- F. Section 16, ch. 92, SLA 2010 – AS 43.20.014(b) – The amount of the income tax education credit was 50% of contributions up to \$100,000, 100% for up to the next \$100,000.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.20.014(b)) was found in Section 15, ch. 92, SLA 2010. Section 15 allowed for 50% of contributions up to \$100,000, 100% for the next \$200,000, and 50% of contributions that exceed \$300,000.

In other words: If HB 233 does not pass, the tax credits shall be reduced back to the standards set in Section 16.

- G. Section 18, ch. 92, SLA 2010 – AS 43.20.014(d) – Income tax education credit - Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.20.014(d)) was found in Section 17, ch. 92, SLA 2010. Section 17 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If HB 233 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

Section 21, ch. 92, SLA 2010 – AS 43.55.019(a) – Oil and gas producer education credit – The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.55.019(a)) (Oil and gas producer education credit) was found in Section 20, ch. 92, 2010. Section 20 broadened the credit, and added specific language to include contributions for facilities.

So, HB 233 continues its repeal of Section 21 and allows Section 20 to remain. Section 20 added specific language to include contributions for facilities. Failure to pass HB 233 narrows the scope of contributions, and what they can be used for.

- H. Section 23, ch. 92 SLA 2010 – AS 43.55.019(b) – Oil and Gas Producer Education Credit – Amount of credit: 50% for contributions of not more than \$100,000. 100% of the next \$100,000.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.55.019(b)) was found in Section 22, ch. 92, SLA 2010. Section 22 allowed for 50% of contributions up to \$100,000, 100% for the next \$200,000, and 50% of contributions that exceed \$300,000.

In other words: If HB 233 does not pass, the tax credits shall be reduced back to the lesser credit amounts found in Section 23.

- I. Section 25, ch. 92, SLA 2010 – AS 43.55.019(d) – Oil and Gas Producer Education Credit – May not claim a credit if claimed under another provision. Can be combined with other tax credits up to \$150,000.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.55.019(d)) was found in Section 24, ch. 92, SLA 2010. Section 24 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If HB 233 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

- J. Section 28, ch. 92, SLA 2010 – AS 43.56.018(a) – Property tax education credit – The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.56.018(a)) (Oil and gas producer education credit) was found in Section 27, ch. 92, 2010. Section 27 broadened the credit, and added specific language to include contributions for facilities.

So, HB 233 repeals Section 28 and allows Section 27 to remain. Section 27 is broader than Section 28. In Section 27, specific language was added to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

- K. Section 30, ch. 92, SLA 2010 – AS 43.56.018(b) – Property tax education credit - Amount of credit: 50% for contributions of not more than \$100,000. 100% of the next \$100,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.56.018(b)) was found in Section 29, ch. 92, SLA 2010. Section 29 allowed for 50% of contributions up to \$100,000, 100% for the next \$200,000, and 50% of contributions that exceed \$300,000.

In other words: If HB 233 does not pass, the tax credits shall be reduced back to the standards set in Section 30.

- L. Section 32, ch. 92, SLA 2010 – AS 43.56.108(d) – Property tax education credit - May not claim a credit if claimed under another provision. Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.56.108(d)) was found in Section 31, ch. 92, SLA 2010. Section 31 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If HB 233 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

- M. Section 35, ch. 92, SLA 2010 – AS 43.65.018(a) – Mining business education credit - The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.65.018(a)) – Mining business education credit – was found in Section 34, ch. 92 2010. Section 34 broadened the credit, and added specific language to include contributions for facilities.

So, HB 233 repeals Section 35 and allows Section 34 to remain. Section 34 is broader than Section 35. In Section 34, specific language was added to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

- N. Section 37, ch. 92, SLA 2010 – AS 43.65.018(b) – Mining business education credit - Amount of credit: 50% for contributions of not more than \$100,000. 100% of the next \$100,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.65.018(b)) was found in Section 36, ch. 92, SLA 2010. Section 36 allowed for 50% of contributions up to \$100,000, 100% for the next \$200,000, and 50% of contributions that exceed \$300,000.

In other words: If HB 233 does not pass, the tax credits shall be reduced back to the standards set in Section 37.

- O. Section 39, ch. 92, SLA 2010 - AS 43.65.018(d)) - Mining business education credit – May not claim a credit if claimed under another provision. Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.65.018(d)) was found in Section 38, ch. 92, SLA 2010. Section 38 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If HB 233 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

- P. Section 42, ch. 92, SLA 2010 – AS 43.75.018(a) – Fisheries business education credit - The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.75.018(a)) – Fisheries business education credit – was found in Section 41, ch. 92, SLA 2010. Section 41 broadened the credit, and added specific language to include contributions for facilities.

So, HB 233 continues its repeal of Section 42 and allows Section 41 to remain. Section 41 is broader than Section 42. In Section 41, specific language was added to include contributions for facilities. Failure to pass SB 116 narrows the scope of contributions, and what they can be used for.

- Q. Section 44, ch. 92, SLA 2010 – AS 43.75.018(b) – Fisheries business education credit - Amount of credit: 50% for contributions of not more than \$100,000. 100% of the next \$100,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.75.018(b)) was found in Section 43, ch. 92, SLA 2010. Section 43 allowed for 50% of contributions up to \$100,000, 100% for the next \$200,000, and 50% of contributions that exceed \$300,000.

In other words: If HB 233 does not pass, the tax credits shall be reduced back to the standards set in Section 44.

- R. Section 46, ch. 92, SLA 2010 – AS 43.75.018(d) - Fisheries business education credit - May not claim a credit if claimed under another provision. Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.75.018(d)) was found in Section 45, ch. 92, SLA 2010. Section 45 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If HB 233 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

- S. Section 49, ch. 92, SLA 2010 – AS 43.77.045(a) – Fisheries resource landing tax education credit - The credit was only allowed if a contribution was given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, or for secondary school vocational education courses.

Noteworthy: The change to the statute that exists today (which is also listed as AS 43.77.045(a)) – Fisheries resource land tax education credit – was found in Section 48, ch. 92 2010. Section 48 broadened the credit, and added specific language to include contributions for facilities.

So, HB 233 continues its repeal of Section 49 and allows Section 48 to remain. Section 48 is substantially similarly to Section 49, however there are variations in verbiage. Section 48 is broader. In Section 48, specific language was added to include contributions for facilities. Failure to pass HB 233 narrows the scope of contributions, and what they can be used for.

- T. Section 51, ch. 92, SLA 2010 – AS 43.77.045(b) – Fisheries resource landing tax education credit - Amount of credit: 50% for contributions of not more than \$100,000. 100% of the next \$100,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.77.045(b)) was found in Section 50, ch. 92, SLA 2010. Section 50 allowed for 50% of contributions up to \$100,000, 100% for the next \$200,000, and 50% of contributions that exceed \$300,000.

In other words: If HB 233 does not pass, the tax credits shall be reduced back to the standards set in Section 51. These credits become narrower.

- U. Section 53, ch. 92, 2010 – AS 43.77.045(d) – Fisheries resource landing tax education credit - May not claim a credit if claimed under another provision. Background: Combined credits may not exceed \$150,000.

Noteworthy: The change in the statute that exists today (which is also listed as AS 43.77.045(d)) was found in Section 52, ch. 92, SLA 2010. Section 52 allowed for a combined credit that may not exceed \$5,000,000.

In other words: If HB 233 is passed, the combined credit will remain at the current \$5,000,000 amount, instead of reverting back to \$150,000.

- V. Section 55, ch. 92, 2010 – Repeals outdated statutes and previous definitions that were redundant or unnecessary, including AS 21.06.110(9), AS 21.89.070(f), AS 21.89.075(f), AS 43.05.010(15), AS 43.20.014(f), AS 43.55.019(f), AS 43.56.018(f), AS 43.65.018(f), AS 43.75.018(f), and AS 43.77.045(f).

- W. Section 14, ch. 7, FSSLA 2011 – Repealed multiple statutes as of Jan. 1, 2021 (went from 2014 to 2021).

- a. AS 21.96.070(a)(4) – Insurance tax education credit – Credit for cash contribution for a facility or intercollegiate sports tournament, by an Alaska two-year or four-year college.
- b. AS 21.96.070(a)(5) – Insurance tax education credit – Credit for cash contribution to a native cultural program, K-12.
- c. AS 21.96.070(a)(6) – Insurance tax education credit – Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.
- d. AS 43.20.014(a)(4) – Income tax education credit – Credit for cash contribution for a facility by an Alaska two-year or four-year college or elementary or secondary school.
- e. AS 43.20.014(a)(5) – Income tax education credit – Credit for cash contribution to a native cultural program, K-12.
- f. AS 43.20.014(a)(6) - Income tax education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.
- g. AS 43.55.019(a)(4) – Oil and gas producer education credit – Credit for cash contribution for a facility or an intercollegiate sports tournament, by an Alaska two-year or four-year college.
- h. AS 43.55.019(a)(5) – Oil and gas producer education credit – Credit for cash contribution to a native cultural program, K-12.
- i. AS 43.55.019(a)(6) – Oil and gas producer education credit – Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.
- j. AS 43.56.018(a)(4) – Property tax education credit – Credit for cash contribution for a facility or an intercollegiate sports tournament, by an Alaska two-year or four-year college.
- k. AS 43.56.018(a)(5) – Property tax education credit – Credit for cash contribution to a native cultural program, K-12.
- l. AS 43.56.018(a)(6) – Property tax education credit – Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

- m. AS 43.65.018(a)(4) – Mining business education credit – Credit for cash contribution for a facility by an Alaska two-year or four-year college or elementary or secondary school.
- n. AS 43.65.018(a)(5) – Mining business education credit – Credit for cash contribution to a native cultural program, K-12.
- o. AS 43.65.018(a)(6) - Mining business education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.
- p. AS 43.75.018(a)(4) – Fisheries business education credit - Credit for cash contribution for a facility by an Alaska two-year or four-year college or elementary or secondary school.
- q. AS 43.75.018(a)(5) – Fisheries business education credit - Credit for cash contribution to a native cultural program, K-12.
- r. AS 43.75.018(a)(6) – Fisheries business education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.
- s. AS 43.77.045(a)(4) – Fishery resources landing tax education credit - Credit for cash contribution for a facility by an Alaska two-year or four-year college or elementary or secondary school.
- t. AS 43.77.045(a)(5) - Fishery resources landing tax education credit - Credit for cash contribution to a native cultural program, K-12.
- u. AS 43.77.045(a)(6) - Fishery resources landing tax education credit - Credit for cash contribution to coastal ecosystem learning center and related facilities/programs under the Coastal America Partnership.

In other words: If this portion of HB 233 does not pass, the above-mentioned broad education tax contributions would narrow effective January 1, 2021.

- X. Sections 15, 17, 19, 21, 23, and 25 of ch. 74, SLA 2012 take effect January 1, 2021.

Section 15, ch. 74, SLA 2012 – AS 43.20.014(a) – Income tax education credit - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 15 only lists AS 43.20.014(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 14, ch. 74, SLA 2012, exists as AS 43.20.014(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 14, which is broader, would remain. Section 15, which is narrower, would be repealed.

- Y. Section 17, ch. 74, SLA 2012 – AS 43.55.019(a) – Oil and gas producer education credit – Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 17 only lists AS 43.55.019(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 16, ch.74, SLA 2012, exists as AS 43.55.019(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 16, which is broader, would remain. Section 17, which is narrower, would be repealed.

- Z. Section 19, ch. 74, SLA 2012 – AS 43.56.018(a) – Property tax education credit - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 19 only lists AS 43.56.018(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 18, ch.74, SLA 2012, exists as AS 43.56.018(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 18, which is broader, would remain. Section 19, which is narrower, would be repealed.

- AA. Section 21, ch. 74, SLA 2012 - AS 43.65.018(a) – Mining business education credit - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 21 only lists AS 43.65.018(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 20, ch.74, SLA 2012, exists as AS 43.65.018(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 20, which is broader, would remain. Section 21, which is narrower, would be repealed.

- BB. Section 23, ch. 74, SLA 2012 – AS 43.75.018(a) – Fisheries business education tax - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 23 only lists AS 43.75.018(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 22, ch.74, SLA 2012, exists as AS 43.75.018(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 22, which is broader, would remain. Section 23, which is narrower, would be repealed.

- CC. Section 25, ch. 74, SLA 2012 – AS 43.77.045(a) – Fisheries resource landing tax education credit - Credit for contributions given for instruction, research, and educational support purposes, (including acquisitions and contributions to the endowment) to the Alaska university foundation, a two or four-year accredited college, for secondary school vocational education courses, for state-operated vocational technical education and for contributions for the Alaskan higher education investment fund under AS 37.14.750 (fund makes grants and scholarships). Section 25 only lists AS 43.77.045(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 24, ch.74, SLA 2012, exists as AS 43.77.045(a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 24, which is broader, would remain. Section 25, which is narrower, would be repealed.

- DD. Section 49, ch. 14, SLA 2014 – AS 43.55.019(a) – Oil and gas producer education credit – Credit for cash contribution for vocational education, VA post-secondary education, non-profit regional training center for Department of Labor, and an apprenticeship program through department of labor. Section 49 only lists AS 43.55.019(a)(1-4).

Noteworthy: The current language found in statute, pursuant to Section 48, ch.14, SLA 2014, exists as AS 43.55.019 (a)(1-7). This broader language includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 48, which is broader, would remain. Section 49, which is narrower, would be repealed.

- EE. Section 37, ch. 15, SLA 2014 – AS 43.20.014(a) – Income tax education credit – Credit for cash contributions to private and public elementary school or secondary school, for vocational education courses, a nonprofit regional training center recognized by the Department of Labor, an apprenticeship program for Department of Labor, funding for a scholarship awarded by a nonprofit organization to a dual-credit student, for housing facility for the department of education, children early learning programs, and nonprofit organizations dedicated to education and public service. Section 37 only lists AS 43.20.014(a)(1-8).

Noteworthy: The current language found in statute, pursuant to Section 36, ch.15, SLA 2014, exists as AS 43.20.014 (a)(1-12). It includes more credit opportunities, such as allowing credit for contributions to programs such as K-12 science, technology, engineering, and math programs (STEM programs). This broader language also includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 36, which is broader, would remain. Section 37, which is narrower, would be repealed.

- FF. Section 40, ch. 15, SLA 2014 – AS 43.65.018(a) – Mining business tax credit - Credit for cash contributions to private and public elementary school or secondary school, for vocational education courses, a nonprofit regional training center recognized by the Department of Labor, an apprenticeship program for Department of Labor, funding for a scholarship awarded by a nonprofit organization to a dual-credit student, for housing facility for the department of education, children early learning programs, and nonprofit organizations dedicated to education and public service. Section 40 only lists AS 43.65.018(a)(1-8).

Noteworthy: The current language found in statute, pursuant to Section 39, ch.15, SLA 2014, exists as AS 43.65.018 (a)(1-12). It includes more credit opportunities, such as allowing credit for contributions to programs such as K-12 science, technology, engineering, and math programs (STEM programs). This broader language also includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 39, which is broader, would remain. Section 40, which is narrower, would be repealed.

- GG. Section 43, ch. 15, SLA 2014 – AS 43.75.018(a) - Fisheries business tax - Credit for cash contributions to private and public elementary school or secondary school, funding for a scholarship awarded by a nonprofit organization to a dual-credit student, for housing facility for the department of education, children early learning programs, and nonprofit organizations dedicated to education and public service. Section 43 only lists AS 43.75.018(a)(1-8).

Noteworthy: The current language found in statute, pursuant to Section 42, ch.15, SLA 2014, exists as AS 43.75.018 (a)(1-12). It includes more credit opportunities, such as allowing credit for contributions to programs such as K-12 science, technology, engineering, and math programs (STEM programs). This broader language also includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 42, which is broader, would remain. Section 43, which is narrower, would be repealed.

- HH. Section 46, ch. 15, SLA 2014 – AS 43.77.045(a) – Floating fisheries resource landing tax education credit - Credit for cash contributions to private and public elementary school or secondary school, funding for a scholarship awarded by a nonprofit organization to a dual-credit student, for housing facility for the department of education, children early learning programs, and nonprofit organizations dedicated to education and public service. Section 46 only lists AS 43.77.045(a)(1-8).

Noteworthy: The current language found in statute, pursuant to Section 45, ch.15, SLA 2014, exists as AS 43.77.045 (a)(1-12). It includes more credit opportunities, such as allowing credit for contributions to programs such as K-12 science, technology, engineering, and math programs (STEM programs). This broader language also includes credit for contributions for facilities or intercollegiate sports tournaments by nonprofit, public or private Alaska colleges, Alaska Native cultural programs, and educational/research/facilities under the Coastal America Partnership.

In other words: If HB 233 passes, Section 45, which is broader, would remain. Section 46, which is narrower, would be repealed.

- II. Section 26, ch. 61, SLA 2014 – These have already been repealed above. But they are repealed again in this provision. Sections 3, 5, 7, 10, 14, 16, 18, 21, 23, 25, 28, 30, 32, 35, 37, 39, 42, 44, 46, 49, 51, 53, and 55, ch. 92, SLA 2010, sec.14, ch.7, FSSLA 2011, and sec. 15, 17, 19, 21, 23, and 25, ch. 74, SLA 2012 are repealed.

- JJ. Section 31, ch. 61, SLA 2014 – Section 57, ch.92, SLA 2010 (the Act takes effect Jan. 1, 2014), as amended by sec. 15, ch.7, FSSLA 2011 (the Act takes effect Jan. 1, 2021), and sec.32, ch.74, SLA 2012 (effective date Jan. 1, 2021), are repealed.

Section 3 – Section 57, ch. 92, SLA 2010 (effective date: 1-1-14); Section 15, ch 7, FSSLA 2011 (Effective date: 1-1-21); Section 32, ch.74, SLA 2012 (effective date: 1-1-21); Section 82, ch. 14, SLA 2014 (effective 1-1-21); and section 61, ch.15, SLA 2014(effective date: 1-1-21) are repealed.

Section 4 – Section 37, ch. 61, SLA 2014, is amended to read: Section 1 (credit claimed every year in the annual report), Section 2 (applies to tax payers that pay tax) and Section 21 (AS 21.66.110(b) (insurance tax education credit), AS 21.96.070 (tax on title insurance premiums), AS 21.96.075(c)(2)(insurance tax education credit), AS 43.05.010(15)(duties of commissioner (report credit classes for calendar year)), AS 43.20.014 (income tax education credit), AS 43.55.019 (oil and gas producer education credit), AS 43.56.018 (property tax education

credit), AS 43.65.018 (mining business education credit), AS 43.75.018 (fish business education credit), AS 43.75.130(g)(refund to local government – “tax revenue collected”), AS 43.77.045 (fisheries resource landing tax credits) and AS 43.77.060(e)(revenue sharing “apply credit), takes effect January 1, 2025.

In other words: The repeal of the educations tax credits in their current statutory form, will take place on January 1, 2025, instead of December 31, 2018.

Section 5 – The Act is effective immediately.



Representative Chris Tuck

House Majority Leader

Serving House District 23 • Dimond Estates, Foxridge, Taku, Campbell, Northwood, and Windemere

Sponsor Statement House Bill 233 Education Tax Credits

House Bill 233 will extend the education tax credit program from December 31, 2018 to January 1, 2025 and ensure that the credits that exist in statute today will continue to support our education programs and institutions.

Education tax credits encourage private businesses to make charitable contributions to educational institutions and programs in Alaska. Eligible recipients include: non-profit, public, or private accredited Alaska two-year or four-year colleges; non-profit elementary or secondary schools and school districts; state operated vocational education and training schools; non-profit regional vocational training centers; apprenticeship programs; Alaska Native cultural programs; the Alaska Higher Education Investment Fund; and postsecondary institutions providing dual-credit courses.

The credits are non-transferable and non-refundable and can be used against the following taxes: corporate income tax; fisheries business tax/fisheries resource landing tax; insurance premium tax/title insurance premium tax; mining license tax; oil and gas production tax; and the oil and gas property tax.

Currently, the credit provision allows for 50% of the annual contributions up to \$100,000, 100% of the next \$200,000, and 50% of annual contributions beyond \$300,000. The total credit per taxpayer, across all tax types, may not exceed \$5 million.

Historically, well over two dozen companies have used this benefit. The contributions are good for the companies and good for the recipient institutions. House Bill 233 will continue to ensure that our education institutions and programs are supported.

Session (January-April):
State Capitol, Room 204
Juneau, AK 99801-1182
Phone (907) 465-2095

Rep.Chris.Tuck@akleg.gov
www.RepChrisTuck.com

Toll-Free (866) 465-2095

Interim (May-December):
1500 W Benson Blvd, Ste 217
Anchorage, AK 99503
Phone (907) 269-0240



KAWERAK, INC. • P.O. Box 948 • Nome, AK 99762



TEL: (907) 443-5231 • FAX: (907) 443-4452



February 6, 2018

To: The Honorable Representative Chris Tuck

RE: HB233 Education Tax Credits Legislation

Dear Representative Tuck,

Kawerak, Inc., supports extending the Education Tax Credit sunset from December 31, 2018 to January 1, 2025.

As State and Federal funding streams have been eliminated from NACTEC's budget in recent years, the Education Tax Credit has provided a mechanism to seek funding through industry partners that has grown enrollment in Nome's Regional Training Center. As enrollment in NACTEC vocational training has increased, high school graduation rates began a steadily climb from an average of 30% in the years before tax credit availability (FY05-FY09), increasing to an average of 76% in FY13-FY17.

A 2009 research study by Northeastern University determined the lifetime cost of a dropout was **\$292,000** in incarceration costs and lower tax revenues. The Bering Strait School District has seen its 12th grade dropouts decrease from an average of 38 in FY07-FY09 to an average of 9 in FY15-FY17; **resulting in a savings of \$8.5M** per graduating class, as more students are now engaged and staying in school. NACTEC's vocational training programs have been recognized as critical to this remarkable transformation, with education tax credits as a primary source of funding support.

The education tax credit is a program that should be recognized as working for intended outcomes and one deserving of a sunset extension.

Sincerely,

KAWERAK, INC.


Melanie Bahnke, President

Cc: Representative Neal Foster
Representative Charisse Millet

SERVING THE
VILLAGES OF:
BREVIG MISSION
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GAMBELL
GOLOVIN
KING ISLAND
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SAVOONGA
SHAKTOOLIK
SHISHMAREF
SOLOMON
STEBBINS
ST. MICHAEL
TELLER
UNALAKLEET
WALES
WHITE MOUNTAIN



Brevig Mission Diomedes Elim Gambell Golovin Kayuk Nome Saint Michael Savoonga Shaktoolik Stebbins Teller Unalakleet Wales White Mountain

February 6, 2018

The Honorable Representative Chris Tuck
State Capitol Room 204
Juneau, AK 99801

RE: HB233 Education Tax Credit Legislation

Dear Representative Tuck,

Norton Sound Economic Development Corporation (NSED C) supports extending the Education Tax Credit sunset from December 31, 2018 to January 1, 2025.

As many State and Federal funding streams have been eliminated in recent years, the Education Tax Credit has provided a mechanism for qualifying entities to seek funding through industry partners, including NSED C.

NSED C is the northernmost Community Development Quota (CDQ) entity representing 15 member communities in the Norton Sound/Bering Strait region. Supporting education and workforce development is at the heart of our mission to spur economic development for our communities and residents.

Since 2013, NSED C has utilized this important tax credit to support the Northwest Alaska Career and Technical Center (NACTEC) in its efforts to provide vocational and workforce training to high school students from throughout our region. Nome-based NACTEC provides educational and development opportunities that would otherwise be unavailable for many of the students living in the more remote communities in our region. More importantly, NACTEC gives these students the chance to learn about and see career opportunities that exist in their home region and beyond.

NACTEC's use of tax credit funding has not only benefitted its students, but ultimately our regional institutions that strive to hire our residents. Whether it is a fishery technician working in NSED C's research department or a vessel captain driving one of our fishery tender vessels, NACTEC graduates can be seen throughout the ranks of our company's workforce. The same holds true for other regional employers, be it a nurse working in the Nome hospital, a health aide serving a village clinic, or a home-grown teacher in one of our local schools.

NSED C strongly supports the extension of the Education Tax Credit program. NSED C is not alone in utilizing this effective mechanism for supporting our regional students and educational institutions. We have seen firsthand the benefits the program has provided for students, families and employers in our region.

Sincerely,

Janis Ivanoff, President & CEO

cc: Representative Neal Foster
Representative Charisse Millet

"NSED C will participate in the Bering Sea fisheries to provide economic development through education, employment, training and financial assistance to our member communities."



Comments SB116 Education Tax Credits

Council of Alaska Producers

February 5, 2018

Representative Chris Tuck
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Representative Tuck:

The Council of Alaska Producers (CAP) is writing to support Senate Bill 116, "An Act relating to the insurance tax education credit, the income tax education credit, the oil or gas producer education credit, the property tax education credit, the mining business education credit, the fisheries business education credit, and the fisheries resource landing tax education credit."

CAP is a non-profit trade association formed in 1992 to represent the interests of large metal mines and mine developmental projects in Alaska. CAP informs members on legislative and regulatory issues, supports and advances the mining industry, educates members, the media, and the general public on mining related issues, and promotes economic opportunity and environmentally sound mining practices.

CAP's members have welcomed the opportunity to partner with the State of Alaska and provide funding directly to Alaska's higher education projects and programs that support and enhance the mining industry. Between 2011 and 2017, mining companies in Alaska education tax credit program to invest \$19.6 million in programs such as:

- UAF Mining Engineering research endowment
- UAF Mining Engineering scholarship fund
- UAA Geology Scholarships
- Mining and Petroleum Training Services (MAPTS), UAF Cooperative Extension Services, Anchorage, Soldotna, Juneau
- UAS Pathways to Mining
- UAA Institute of Social and Economic Research
- Northwest Arctic Borough School District
- Angoon High School Vocational Technical program

MAPTS and the Pathways program provide educational opportunities and training that lead directly to good jobs in the industry. The importance of these educational and training programs is underscored by a survey of Alaska's mining workforce which revealed that there is

considerable aging of skilled employees; for example, 47.1 percent of mechanics, 51.1 percent of mining materials engineers and 65.4 percent of mining machine operators are 45 years of age or older. Faced with the challenges of attrition and aging within the current workforce, and competition from the global mining industry, the mining industry embarked on a workforce development planning process which resulted in the Alaska Mining Workforce Development Plan. <http://alaskaminers.org/mining-workforce-development-plan/>.

SB116 extends the education tax credit program so it will continue to promote private investment in higher education in our state, an essential component of realizing the objective of ensuring that Alaskans learn the skills needed to sustain and grow Alaska's mining industry. Thank you for sponsoring this bill. We hope that it will be scheduled soon for a hearing in the Labor and Commerce Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Matthias", with a stylized flourish at the end.

Karen Matthias
Executive Director

cc: Representative Harriet Drummond, Chair, House Education Committee

ALASKA PACIFIC UNIVERSITY



January 29, 2018

Alaska State Capitol
Juneau, Alaska 99801

Dear Honorable Committee Members,

On behalf of the Alaska Pacific University, I am writing about HB233 and SB116, two companion legislative measures introduced in both the House and Senate to extend Alaska's Education Tax Credit program to January 1, 2025. The Education Tax Credit program is a mutually beneficial partnership for private industry, educational institutions, as well as the Legislature.

As you are aware, Alaska's Education Tax Credit program was first established in 1987 by the Legislature to encourage private businesses to make charitable contributions to support schools in Alaska. The program assists private industry by creating opportunities to donate to educational facilities and programs and in return businesses receive credits to offset their tax liabilities. In the case of Alaska Pacific University, the private industry donations also have reciprocal positive effects on workforce development and the business climate in Alaska. For example, the Fisheries, Aquatic Science, and Technology (FAST) Laboratory at Alaska Pacific University uses Education Tax Credit funds to train fisheries scientists for the Alaskan workforce; conduct applied research on topics of scientific, conservation, and management interest to the Fishing Industry; and assist State and Federal fisheries management agencies in fulfilling their mandates.

Educational institutions receive the benefit of these donations to help improve their facilities, programs, and expand educational opportunities for Alaskans. For instance, the FAST Laboratory uses Education Tax Credit funds to provide experiential learning opportunities to graduate and undergraduate students by participating in applied, community-based research projects throughout Alaska. The FAST Lab leverages the resources and partnerships generated by the Education Tax Credit to support Alaska rural and tribal communities seeking to better understand their fisheries and to support the development of engaging and applied curriculum for use in the public school system.

ALASKA PACIFIC UNIVERSITY

January 29, 2018

Without these funds, such applied educational opportunities, and the consequent benefits to Alaskan communities, would be financially prohibitive and unavailable to students.

These contributions and benefits also assist the legislature by reducing the amount of fiscal appropriations that may be needed to support educational institutions and academic programs and natural resource management agencies in our State.

The Education Tax Credit program is a win-win for the educational institutions, children, and businesses in Alaska and it is critically important that we extend this very important program. The current program is due to sunset on December 31, 2018, and HB233 and SB116 will extend the program through January 1, 2025.

We respectfully request that you support HB233 and SB116 by passing the bills in this legislative session. The Education Tax Credit program has helped many young Alaskans prepare for life and their future in the job market, while at the same time providing our State with a stable, qualified and well-prepared work force. Research and education in Alaskan fisheries, marine biology, and environmental science programs are critical to maintaining a healthy state economy.

We thank you in advance for your support!

Sincerely,



Robert Onders, M.D., J.D., M.P.A
Interim President
Alaska Pacific University



February 5, 2018

Alaska State Capitol Juneau, Alaska 99801

Dear Honorable Committee Members,

I am writing about HB233 and SB116, two companion legislative measures introduced in the House and Senate to extend Alaska's Education Tax Credit (ETC) program to January 1, 2025. This program was first established by the Legislature in 1987 to encourage private businesses to make charitable contributions to support schools in Alaska. This program produces world-class educational and employment opportunities for Alaska's students, promotes robust, synergistic partnerships between industry and education, and expands research capacity in strategically important topics.

I was lucky enough to be born and raised near Homer, Alaska. I commercially fished salmon in Prince William Sound and Upper Cook Inlet, served aboard an Alaska Department of Fish & Game research vessel, and captained an oil spill response vessel in the Beaufort Sea. Now I have the privilege of serving on the faculty of Alaska Pacific University, where I direct the Fisheries, Aquatic Science, & Technology (FAST) Laboratory. In this role, I am privileged to work with a team of excellent scientists, industry collaborators and highly motivated students.

The ETC program provides Alaska's students world-class education and research opportunities that produce a win-win situation for our educational institutions, students, and industries. As a professor, the ETC program allows me to advance research and educational outcomes in Alaska in four strategic ways:

- 1) *Recruit and support excellent students*- Natural resource sciences are competitive fields. The ETC funds provide tuition and project support to recruit and retain excellent undergraduate and graduate students.
- 2) *Invest in strategically important research areas*- The ETC program builds a critical link between academia and industry resulting in the development of applied research projects which directly address important research priorities for Alaska and lead to employment opportunities for graduates.

3) *Develop robust synergistic partnerships*- State, federal, industrial and private entities are facing rapidly evolving natural resource management challenges, including substantial budget uncertainty. The ETC provides a stable source of funding which triggers joint investments from state and federal agencies, non-governmental conservation organizations, and international science organizations. These investments lead to powerful collaborative networks that are resilient to variability in state and federal funding.

4) *Expand research capacity*- ETC funds create research and education opportunities which attract world-class scientists and educators to APU. Our students are working with top-tier researchers and educators from the University of Massachusetts, Northeastern University, University of Ulster (Northern Ireland), the Smithsonian Environmental Research Center, Florida International University, Northeastern University, Cornell University, National Oceanic & Atmospheric Administration, United States Geological Survey, International Pacific Halibut Commission, North Pacific Fisheries Management Council, United States Fish & Wildlife Service, and AK Department of Fish & Game.

I have attached a list highlighting recent education and research outcomes produced by the ETC program at Alaska Pacific University. The ETC program has served to strengthen APU and Alaska's prominence in the natural resources fields of science here at home, nationally, and abroad in part through my own scientific and educational network. I am a graduate of Homer high school, I earned a B.Sc. in Wildlife and Fisheries Science from Texas A&M University, and a M.Sc. and a Ph.D. in Fisheries Oceanography from the University of Massachusetts. I am an Associate Professor at Alaska Pacific University, an Honorary Fellow at Ulster University in Northern Ireland, UK, and an Adjunct Professor at the University of Massachusetts School of Marine Sciences. I serve on the Scientific and Statistical Committee of the North Pacific Fisheries Management Council, the Working Group on Fishing Technology and Fish Behavior of International Council for Exploration of the Sea / Food and Agriculture Organization, and the North Pacific Research Board's Science Panel.

The ETC program is working, and I respectfully request that you support HB233 and SB116 by passing the bills in this legislative session.

Sincerely,



Brad Harris, Ph.D.
Director - Fisheries Aquatic Science & Technology (FAST) Laboratory
Associate Professor - Alaska Pacific University

Education Tax Credit Program Outcomes (2005 to Present)

– Alaska Pacific University –

- *43 current Alaska Pacific University graduate students and graduate program alumni, all supported in by Education Tax Credit funds*
 - Graduate students have come from the following Alaska communities:
 - Homer
 - Dillingham
 - Anchorage
 - Kiana
 - Fairbanks
 - Graduate students and alumni currently work at the following businesses and agencies in Alaska or directly supporting Alaska:
 - US Geological Survey (USGS)
 - National Oceanic and Atmospheric Administration (NOAA: Fisheries Habitat Conservation Division)
 - US Fish and Wildlife Service (USFWS; Office of Subsistence Management; Fisheries Branch)
 - Alaska Department of Fish and Game (ADFG; Commercial, Sportfish, and Wildlife Divisions)
 - University of Alaska Anchorage, Environment and Natural Resource Institute
 - Alaska Seafood Cooperative
 - Tyonek Tribal Conservation District
 - Homer Sport Charter Halibut Fleet
 - Alaska Resource Education
 - Center for Alaskan Coastal Studies
 - Alaska Marine Conservation Council
 - Fairweather Science
 - United Research Services Corporation
 - Alien Species Control, LLC

- *60 undergraduate students with direct Education Tax Credit support have graduated from or are currently enrolled at Alaska Pacific University*
 - Undergraduate students have come from the following Alaska communities
 - Kodiak
 - Anchorage
 - Wasilla
 - Big Lake
 - Undergraduate students and alumni work at the following businesses and agencies in Alaska
 - Alaska Department of Fish and Game (Sportfish and Commercial Fish Divisions)
 - TechSea Inc.
 - US Coast Guard
 - Alaska Department of Environmental Conservation
 - SGS North America Inc.
 - The Alaska Zoo

- *Projects/ opportunities made possible by Education Tax Credit funded collaborations*
 - North Pacific Essential Fish Habitat - fishing effects model (NOAA Habitat Conservation Division)
 - Impacts of barriers on juvenile Coho movements in Big Lake watershed (USFWS)
 - Quantifying seafloor contact of commercial fishing gear (NOAA Resource Assessment and Conservation Engineering)
 - Effects of Gold Mining on Norton Sound Red King Crab (Norton Sound Economic Development Corp, ADFG, NOAA Fisheries)
 - Student volunteers on NOAA research vessels
 - Improved understanding of Ichthyophonus infection in halibut (USGS)
 - Halibut Size-at-Age spatial-temporal assessment (International Pacific Halibut Commission (IPHC))
 - Halibut stress hormone research (IPHC)
 - Halibut discard mortality tagging studies (IPHC and FishNext Research)
 - Halibut spawning and maturity studies (IPHC)
 - English Bay Lakes salmon research (Community of Nanwalek, Chugachmiut)
 - Invasive species in ballast water (Smithsonian Institute)
 - North Pacific Research Board education curriculum (deployed in the ASD, currently in Bethel, AK)
 - Weathervane scallop assessments using CamSled (ADFG)
 - Pacific razor clam abundance surveys (ADFG)
 - Anchor and Ninilchik salmon weir installations (ADFG)
 - Student volunteers on ADFG research vessels
 - Improved methods for triploid induction (ADFG)
 - In-stream salmon movements on Nushagak River (ADFG)
 - Rockfish habitat mapping (ADFG)
 - Improved understanding of chinook smolt diet and condition (ADFG)
 - Weathervane scallop shell boring worm infection analysis (ADFG)
 - Pacific razor clam habitat and growth studies (ADFG)
 - Assessment of red king crab Savings Area efficacy (AK Seafood Cooperative)
 - Anchorage School District (ASD) Gifted Mentorship Program
 - Outreach programs in ASD Classrooms
 - Outreach programs at St. Mary's preschool
 - Outreach programs with Girl Scouts of America
 - National Ocean Science Bowl Judging Team



Northwestern Alaska Career and Technical Center

Douglas J. Walrath, Ph.D.
P.O. Box 131
Nome, AK 99762
Tel: 907-443-3507
Fax: 907-443-7076
<http://www.nacteonline.org>

January 29, 2018

To: The Honorable Representative Chris Tuck

RE: HB233 Education Tax Credits Legislation

Dear Representative Tuck,

The Northwestern Alaska Career and Technical Center (NACTEC) supports extending the Education Tax Credit sunset from December 31, 2018 to January 1, 2025.

As State and Federal funding streams have been eliminated from NACTEC's budget in recent years, the Education Tax Credit has provided a mechanism to seek funding through industry partners that has grown enrollment in Nome's Regional Training Center. As enrollment in NACTEC vocational training has increased, high school graduation rates began a steadily climb from an average of 39% in the years before tax credit availability (FY05-FY09), increasing to an average of 76% in FY13-FY17.

A 2009 research study by Northeastern University determined the lifetime cost of a dropout was **\$292,000** in incarceration costs and lower tax revenues. Bering Strait School District has seen its 12th grade dropouts decrease from an average of 38 in FY07-FY09 to an average of 9 in FY15-FY17; **resulting in a savings of \$8.5M** per graduating class, as more students are now engaged and staying in school. NACTEC's vocational training programs have been recognized as critical to this remarkable transformation, with education tax credits as a primary source of funding support.

The education tax credit is a program that should be recognized as working for intended outcomes and one deserving of a sunset extension.

Sincerely,

Douglas J. Walrath, Director

Cc:

Representative Neal Foster
Representative Charisse Millet

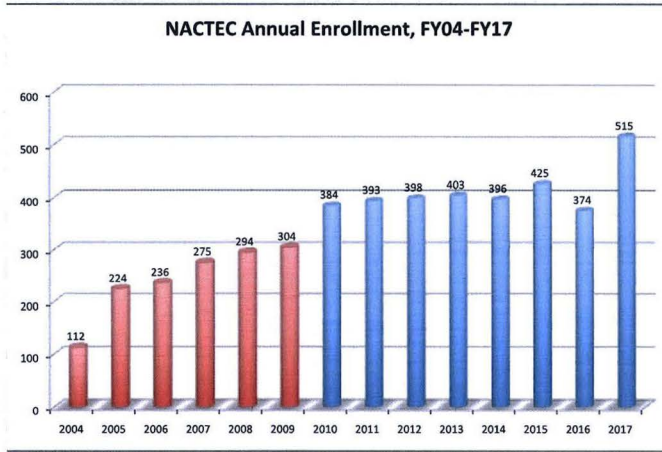


Northwestern Alaska Career and Technical Center

EDUCATION TAX CREDIT

The Alaska Education Tax Credit has become increasingly important for NACTEC, as industry partners now support 1/3 of the annual operating budget. *The Education Tax Credit has*

contributed to a significant increase with students receiving vocational training the past 8 years. The top bar graphs displays an average student enrollment of 241 students between 2004-2009 (in red). Then, coinciding with the first tax credit contributions to NACTEC in FY10, student enrollment grows by 66% to 400 students/year (FY10-FY15). In the most recent two years enrollment grew another 10% to 445 students/year (FY16-FY17 in blue).



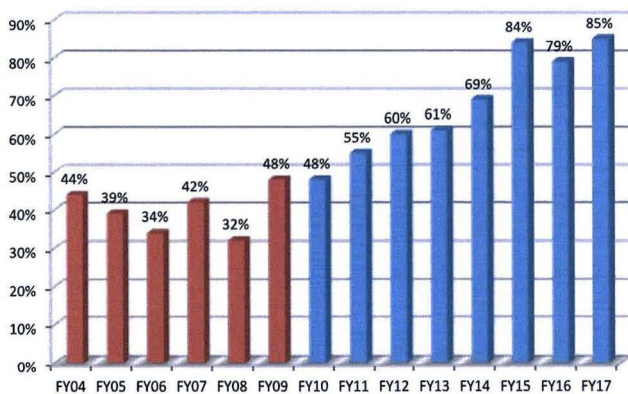
GRADUATION IMPACTS

The graph below depicts the trend in Bering Strait School District (BSSD), *which represents 90% of NACTEC's student population, growing in relation to the student enrollment gains (above). Since FY10 NACTEC has averaged \$378K in tax credit contributions per year.*

A 2016 review of over 1,700 BSSD students, revealed that: 80% of all dropouts between FY04-FY15 did not attend a single NACTEC program; while an

average of 83% of graduates in FY14-FY16 attended one or more NACTEC high school training programs. *Completing NACTEC programs is keeping rural students in school and on a path to graduation.*

BSSD Graduation Rates



REPORT PREPARATION

This 2018 legislative report was developed by NACTEC Director, Douglas J. Walrath, Ph.D. with the purpose of identifying legislation that works in N.W. Alaska and in need of a sunset extension.

The Education Tax Credit, since becoming available at the secondary vocational training level in FY10, has increased both the quantity and quality of NACTEC training programs.

In the six years before Education Tax Credit availability at NACTEC, in FY04-FY09, enrollment averaged 241 students/year. Student enrollment **grew by 66%**, following tax credit availability, averaging 400 students/year in FY10-FY15.

Graduation rates have increased from a five year average of **39% in FY05-FY09** for Bering Strait School District students to **76% in FY13-FY17**. As could be expected, the inverse is occurring with high school dropouts. Dropouts have decreased from an average of **77 per year (FY07-FY09) to 27 per year (FY15-FY17)**, a decrease of **65%!**

With tax credit partners supporting 30% of NACTEC's budget, a sunset extension is our top 2018 priority.

-Douglas J. Walrath, Ph.D.

dwalrath@bssd.org

(907) 443-3507



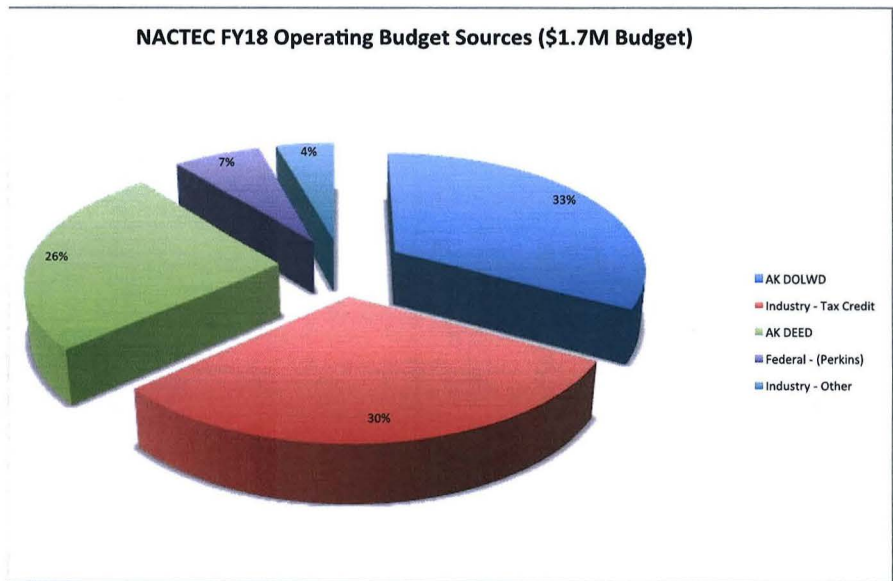


Northwestern Alaska Career and Technical Center

INDUSTRY PARTNER'S EDUCATION INVESTMENT VIA TAX CREDITS

The graph below depicts the sources of funding supporting NACTEC's \$1.7M FY18 operating budget. The largest source of funding in FY18 comes from 11 industry partners, *with 88% of industry partner funding deriving from the Alaska Education Tax Credit*. Pictured below 30% of industry funding is tax credit, and 4% are "Other" industry partner contributions. Department of Labor funding at 33% (TVEP & Construction Academy) and 26% for Department of Education

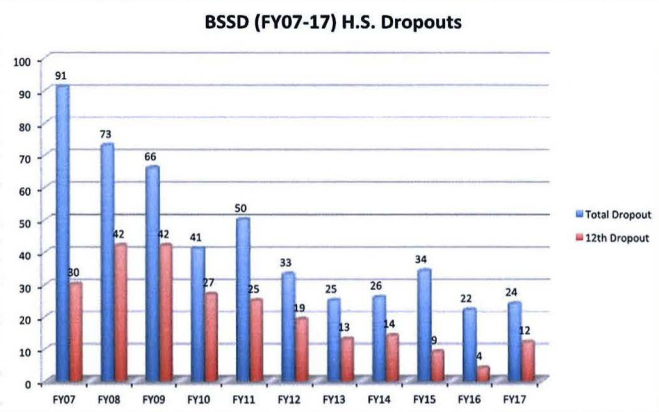
(Residential Funding) are equally important sources supporting short-term, residential training. Carl D. Perkins federal funding from school district partners at Bering Strait School District and Nome Public Schools represents 7%. *In light of Alaska's budget challenges, industry partnerships will remain increasingly important in the future. Education Tax Credit funding has contributed 31% of NACTEC's annual operating budget between FY10 - FY18.*



THE COST OF DROPPING OUT, \$292,000 - NORTHEASTERN UNIVERSITY STUDY (2009)

Bering Strait School District's dropout rate has decreased by 65% between FY07-FY09 (prior to tax credit) compared with FY15-FY17. 12th grade students,

averaging 38 dropouts in FY07-FY09, down to 9 dropouts in FY15-FY17 have decreased by 76%. Using a conservative and somewhat outdated (2009) estimate of \$292,000 as the cost of a high school dropout, this dropout rate decrease results in **a net savings of \$8.5M annually**, per senior class alone in BSSD!



The Education Tax Credit, with its 31 December 2018 sunset, is NACTEC's top priority for a ten-year sunset extension. This program has led to the development of quality vocational training programs, aligning with Alaska's priority industries. An extension provides an opportunity for future industry partner investment in education. A win-win!



NACTEC Tax Credit Donations FY10-18

Industry Partner: Tax Credit Revenue	FY10	FY11	FY12	FY13	FY14	FY15
Bering Straits Native Corporation	\$200,000	\$200,000	\$300,000	\$100,000	\$100,000	\$100,000
Era Alaska	0	0	\$150,000	0	0	0
Pollock Conservation Cooperative	0	0	0	0	0	0
1. American Seafoods	0	0	\$23,888	\$24,000	\$24,000	\$24,000
2. Arctic Storm/Fjord	0	0	\$4,444	\$4,000	\$4,000	\$4,000
3. Glacier Fish Company	0	0	\$23,889	\$24,000	\$24,000	\$24,000
4. Starbound LLC	0	0	\$23,889	\$24,000	\$24,000	\$24,000
5. Trident Seafoods	0	0	\$23,890	\$24,000	\$24,000	\$24,000
Norton Sound Economic Development Corp.	\$200,000	0	\$0	\$0	\$90,000	\$170,000
Saltchuk Partners	\$0	0	0	0	0	0
Alaska National Insurance Company						
	\$400,000	\$200,000	\$550,000	\$200,000	\$290,000	\$370,000
Industry Partners: Non-tax credit revenue						
Shell Exploration	0	0	0	0	10,000	25,000
Wells Fargo	0	0	0	0	0	30,000
Alaska Airlines	0	0	0	0	0	10,000
ConocoPhillips	0	0	0	0	0	0
Norton Sound Fund	0	15,000	39,200	160,000	7,637	13,722
Graphite One Resources	0	0	0	0	0	0
Sitnasuak Native Corporation	0	0	0	0	0	0
USI Kibble and Prentice	0	0	0	0	0	0
Arctic Native Brotherhood Charitable Trust						

NACTEC Tax Credit Donations FY10-18

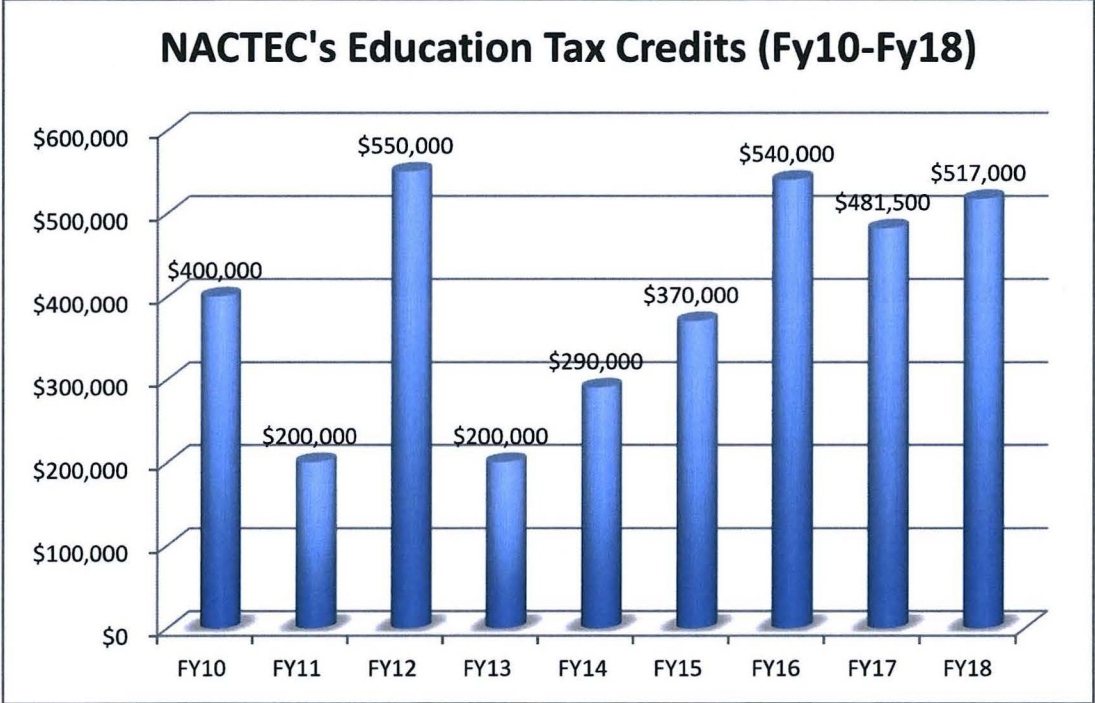
FY16	FY17	FY18	
\$250,000	\$155,000	\$125,000	\$1,530,000
0	0	0	\$150,000
0	0	0	\$0
\$25,000	\$25,000	\$28,000	\$173,888
\$0	\$0	\$0	\$16,444
\$25,000	\$25,000	\$28,000	\$173,889
\$25,000	\$25,000	\$28,000	\$173,889
\$25,000	\$25,000	\$28,000	\$173,890
\$190,000	\$196,500	\$250,000	\$1,096,500
\$20,000	\$20,000	\$20,000	\$60,000
	\$10,000	\$10,000	
\$540,000	\$481,500	\$517,000	\$3,488,500

25,000	0	0	\$60,000
15,000	25,000	25,000	\$95,000
0	0	0	\$10,000
0	5,000	0	\$5,000
65,151	88,000		\$388,710
0	2,500	0	\$2,500
0	\$24,000	0	\$24,000
0	\$2,500	0	\$2,500
		\$2,714.00	\$2,714

\$590,424

NACTEC Tax Credit Donations FY10-18

FY10	\$400,000
FY11	\$200,000
FY12	\$550,000
FY13	\$200,000
FY14	\$290,000
FY15	\$370,000
FY16	\$540,000
FY17	\$481,500
FY18	\$517,000





Sitka ♦ Craig ♦ Valdez ♦ Naknek ♦ Metlakatla

210 S. Harbor Dr. / P.O. Box 1129 Valdez, AK

Phone: 907-835-8910 Fax: 907.835-8913

February 12, 2018

The Honorable Chris Tuck
State Capitol, Room 204
Juneau, Alaska 99801

RE: Letter of Support for House Bill 233

Dear Representative Tuck:

Silver Bay Seafoods, LLC (Silver Bay, or SBS) is writing to support Alaska House Bill 233, "An Act relating to the insurance tax education credit, the income tax education credit, the oil or gas producer education credit, the property tax education credit, the mining business education credit, the fisheries business education credit, and the fisheries resource landing tax education credit."

SBS is a vertically integrated, primarily fishermen-owned processor of frozen salmon, herring, and other seafoods products for both domestic and export markets. Silver Bay began in 2007 as a single salmon processing facility in Sitka, Alaska, and has since grown into one of the largest seafoods companies in Alaska. Silver Bay has state of the art, high volume processing and freezing facilities throughout Alaska, currently operating in Sitka, Craig, Valdez, Naknek and Metlakatla. SBS is dependent upon a large and diverse workforce, the likes of which can and do receive their training through the University of Alaska Southeast's (UAS) School of Career Education, which includes the following programs of relevance to Silver Bay's operations: Construction Technology, Diesel Technology, Welding, and Fisheries Technology.

With regards to the lattermost program, industry funding made possible through education credits have resulted in increased training opportunities for Alaskan youth. For example, in fall of 2017 36 Alaskan high school students took UAS courses, thanks to financial assistance from the At-Sea Processors Association (APA) and Goldbelt Inc. APA previously assisted with a pilot UAS program in spring 2017, allowing 13 high school students to complete four credits of college coursework. Goldbelt Inc. has worked to engage Juneau-based Alaska Native students in the sciences, beginning with a summer 2017 oceanography learning experience and culminating with 22 students taking an iPad-based Introduction to Oceanography class for University of Alaska General Education credit. Altogether, in 2017 APA and Goldbelt Inc. helped over 50 high school students take on university-level coursework all over the state, from Kodiak, Juneau, and Sitka to Unalaska, Galena, and Petersburg.

I personally benefitted from similar financial assistance several years ago as a student in UAS's Fisheries Technology Program. With financial assistance made possible by donations from Icicle Seafoods, I completed an Undergraduate Certificate in Fisheries Technology before going on to complete graduate-level programs at Oregon State University.

Extension of the education tax credit program through House Bill 233 will continue to promote private investment in Alaskan higher education, which is essential to ensuring that Alaskans learn the skills needed to sustain and grow Alaska's commercial fishing industry. Our thanks to you for sponsoring this important bill.

Sincerely,

Tommy Sheridan
Director of Government Affairs
Silver Bay Seafoods
Email: tommy.sheridan@silverbayseafoods.com
Cell: (907) 738-7202

BRISTOL BAY REGIONAL CAREER AND TECHNICAL EDUCATION PROGRAM

*The School Districts of the Bristol Bay Region working together to enrich the lives
of our students.*

King Salmon, Alaska 99613
Phone (907) 246-4280 / 246-4225

February 2, 2018

Greetings Representative Edgmon and Staff,

With the legislative session underway, we thought we would touch base with you on **Alaska's Education Tax Credit Program that will be sun-setting on 12/31/18**. The future of our Bristol Bay Regional Career and Technical Education Program depends heavily on the possibility of donations in return for tax credit by regional corporations.

As far as Education Funding, it is no secret that we are all struggling for survival. The ability for private businesses to financially support the development and growth of this collaborative program is crucial to its survival. Anything you can do to extend Alaska's Educational Tax Credit will be much appreciated by our districts and our stakeholders.

As we look to the future, knowing the State's economic predicament, we see our partnership as one thing that will help us weather the storm. We are all interested in taking the next step and looking for ways to become more efficient via collaboration. We realize that funding is tight, but feel that this could be pitched as an opportunity to continue to allow the business sector to invest in public education.

To close, we are thankful for your leadership and continued support of education. As always, we appreciate all that you do for us down in Juneau. We look forward to catching up this spring.

Attached are resolutions of support from our school boards.

Respectfully,



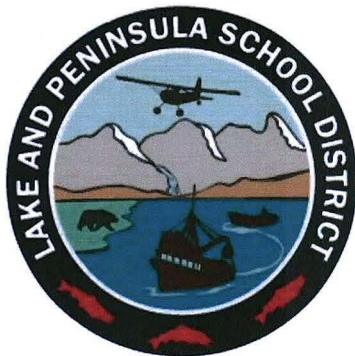
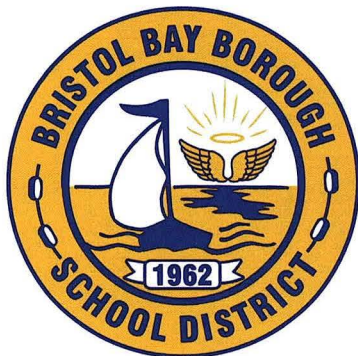
Bill Hill
Superintendent



Ty Mase
Superintendent



Dave Piazza
Superintendent



SOUTHWEST REGION SCHOOL BOARD

RESOLUTION NO. 18-01

A RESOLUTION SUPPORTING THE CONTINUATION OF EDUCATIONAL TAX CREDITS

WHEREAS, the Southwest Region School District (SWRSD) is a Regional Education Attendance Area (REAA) that continues to seek additional funding from outside granting agencies to improve the quantity and quality of educational programs available to students; and

WHEREAS, the Alaska's Education Tax Credit program was first established in 1987 by the Legislature to encourage private businesses to make charitable contributions to support schools in Alaska; and

WHEREAS, the Southwest Region School District has successfully partnered with the Bristol Bay Borough School District and the Lake and Peninsula Borough School District to establish the Bristol Bay Regional Career and Technical Education (BBRCTE) project; and

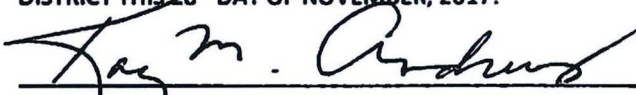
WHEREAS, the BBRCTE project provides students with hands-on, real-world, and career-pathway-focused courses that lead to students' receiving industry-standard certificates; and

WHEREAS, private businesses could financially support the development and growth of the career pathways and course offerings available to students through the BBRCTE program; and

WHEREAS, additional Career and Technical Education instruction for secondary-level students will ensure that our youth are ready to meet the needs and demands necessary for a strong Alaskan Work Force.

NOW, THEREFORE, BE IT RESOLVED that the Southwest Region School District urges the Legislature to extend the Educational Tax Credits available to businesses who provide funding to public schools as an important long-term investment in Alaska's future workforce and citizenry.

PASSED, APPROVED AND ADOPTED BY THE SCHOOL BOARD OF THE SOUTHWEST REGION SCHOOL DISTRICT THIS 28th DAY OF NOVEMBER, 2017:



President, Southwest Region Schools

11-28-17

Date



Superintendent, Southwest Region Schools

11-28-17

Date



THE BRISTOL BAY BOROUGH SCHOOL DISTRICT

#2 School Road North

P.O. Box 169

Naknek, Alaska 99633

Phone: (907) 246-4225/Fax: (907) 246-6875



BRISTOL BAY BOROUGH SCHOOL BOARD

RESOLUTION NO. 18-01

A RESOLUTION SUPPORTING THE CONTINUATION OF EDUCATIONAL TAX CREDITS

WHEREAS, the Bristol Bay Borough School District (BBBSD) is the first Borough School District in the state of Alaska and we continue to seek additional funding from outside granting agencies to improve the quantity and quality of educational programs available to students; and

WHEREAS, the Alaska's Education Tax Credit program was first established in 1987 by the Legislature to encourage private businesses to make charitable contributions to support schools in Alaska; and

WHEREAS, the Bristol Bay Borough School District has successfully partnered with the Southwest Region School District and the Lake and Peninsula Borough School District to establish the Bristol Bay Regional Career and Technical Education (BBRCTE) project; and

WHEREAS, the BBRCTE project provides students with hands-on, real-world, and career-pathway-focused courses that lead to students' receiving industry-standard certificates; and

WHEREAS, private businesses could financially support the development and growth of the career pathways and course offerings available to students through the BBRCTE program; and

WHEREAS, additional Career and Technical Education instruction for secondary-level students will ensure that our youth are ready to meet the needs and demands necessary for a strong Alaskan Work Force.

NOW, THEREFORE, BE IT RESOLVED that the Bristol Bay Borough School District urges the Legislature to extend the Educational Tax Credits available to businesses who provide funding to public schools as an important long-term investment in Alaska's future workforce and citizenry.

PASSED, APPROVED AND ADOPTED BY THE SCHOOL BOARD OF THE BRISTOL BAY BOROUGH SCHOOL DISTRICT THIS 12th DAY OF DECEMBER, 2017:



President, Bristol Bay Borough School District

12/12/17
Date



Superintendent, Bristol Bay Borough School District

12-12-17
Date



THE LAKE AND PENINSULA SCHOOL DISTRICT
101 Jensen Drive
P.O. Box 498
King Salmon, Alaska 99613
Phone (907) 246-4280 / Fax (907) 246-4473



**LAKE AND PENINSULA SCHOOL BOARD
RESOLUTION NO. 18-03
A RESOLUTION SUPPORTING THE CONTINUATION OF EDUCATIONAL TAX CREDITS**

WHEREAS, the Lake and Peninsula School District (LPSD) continues to seek additional funding from outside granting agencies to improve the quantity and quality of educational programs available to students; and

WHEREAS, the Alaska's Education Tax Credit program was first established in 1987 by the Legislature to encourage private businesses to make charitable contributions to support schools in Alaska; and

WHEREAS, the Lake and Peninsula School District has successfully partnered with the Bristol Bay Borough School District and the Southwest Region School District to establish the Bristol Bay Regional Career and Technical Education (BBRCTE) project; and

WHEREAS, the BBRCTE project provides students with hands-on, real-world, and career-pathway-focused courses that lead to students' receiving industry-standard certificates; and

WHEREAS, private businesses could financially support the development and growth of the career pathways and course offerings available to students through the BBRCTE program; and

WHEREAS, additional Career and Technical Education instruction for secondary-level students will ensure that our youth are ready to meet the needs and demands necessary for a strong Alaskan Work Force.

NOW, THEREFORE, BE IT RESOLVED that the Lake and Peninsula School District urges the Legislature to extend the Educational Tax Credits available to businesses who provide funding to public schools as an important long-term investment in Alaska's future workforce and citizenry.

PASSED, APPROVED AND ADOPTED BY THE SCHOOL BOARD OF THE LAKE AND PENINSULA SCHOOL DISTRICT THIS 6th DAY OF DECEMBER, 2017:

A handwritten signature in black ink, appearing to read "Jenifer Smith".

President, Lake and Peninsula School Board

2/8/18

Date

A handwritten signature in black ink, appearing to read "Dennis Smith".

Superintendent, Lake and Peninsula School District

2-8-18

Date



February 14, 2018

The Honorable Chris Tuck
State Capitol Room 204
Juneau, AK 99801

Subject: House Bill 233, Education Tax Credit Extension

Dear Representative Tuck:

I write this letter to encourage continuation of the Education Tax Credit on behalf of the University of Alaska Foundation and as a third generation Alaskan. Education is viewed as a way to better one's situation in times of challenge and is fundamental to Alaska's status as a land of opportunity. In the Last Frontier each generation believes the next will be able to surpass its accomplishments.

The University of Alaska and the University of Alaska Foundation have received a substantial benefit as a result of the Education Tax Credit. According to the Alaska Department of Revenue, contributions of more than \$12 million have been received over the past few years alone. These numbers are significant. What's more important, though, is the benefit that accrues to the state as a result of this small reduction in tax revenue.

Companies and their employees value an Alaskan education. Each organization that donates to the University of Alaska through the tax credit becomes a part of the UA family. Employees are invited to see the tremendous impact taking place as a result of their generosity. They meet scholarship recipients and interns whose futures are brighter because of their company's contributions. In short, the companies and their employees are woven into the fabric of Alaska as they learn about the significance of their contributions. Alaska's future will be richer because companies, their employees, and their families participate in Alaska's economy.

Companies and their employees contribute. Charitable giving engenders pride in employees of corporations that choose to take advantage of the Education Tax Credit. Employees and their families take pride in the place they call home. When they see investment in the community by their companies, they and their children are more likely to stay rooted in Alaska. They contribute to the economy financially and work to build a resilient social climate that attracts more enterprises.

Companies help inform the University through their investments. The Education Tax Credit enables businesses to partner with educational institutions for research and innovation projects. They provide input through investment in scholarships and programs that address perceived future needs. Mining, Engineering, and Fisheries are examples of disciplines that have benefitted from industry interest, demonstrated through donations.

According to the Department of Revenue, for FY16 the amount of state revenue offset by the Education Tax Credit amounts to less than 2.8% of the total tax liability owed. Foregoing this very small amount of revenue encourages companies and their employees to develop long-term ties to Alaska. Their future contributions to the state economy will far outweigh the impact of the Education Tax Credit.

In short, continuation of the Education Tax Credit is a wise choice for the future of Alaska.

Sincerely,



Susan Behlke Foley
President, University of Alaska Foundation

James R. Johnsen, Ed.D.

President

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February 14, 2018

The Honorable Chris Tuck
Alaska State Capitol Room 204
Juneau, AK 99801

Re: House Bill 233, Education Tax Credit Extension

Dear Representative Tuck,

The University of Alaska strongly endorses continuation of the Alaska Education Tax Credit, which sunsets at the end of 2018. The Alaska Education Tax Credit has benefitted the university in a myriad of ways including attracting Alaskans to the university through funded scholarships and supporting critical industries through world class research programs. Equally as important, it directly influences the decision of many Alaska businesses to support the university and has generated more than \$12.2 million in private contributions over the past several years. The tax credit program directly impacts many of our programs, including:

- Workforce Development
- Centers and Institutes
- Scholarships
- Facilities
- Endowments
- Fellowships/Internships
- Chairs/Professorships

This program is a critical component as the university manages its way through these challenging times and works to meet the needs of the state and develop the workforce of tomorrow. By endorsing and extending the program, you support the creation of more productive relationships between the university and partners in the private sector.

The tax credit program has allowed the university to effectively collaborate with many industries critical to the state's economy including mining, seafood, tourism and banking. For example, the

participation of Alaska's mining companies bolsters our research and scholarships, and helps create jobs for Alaska's growing mining industry.

Likewise, the seafood industry has contributed support to student fellowships and to fund sustainable oceans and fisheries research. These programs are critical to attracting more college-going young adults from our high schools and to increase our enrollment – achievements we can all agree are extremely important.

I ask for your timely consideration of HB 233 and ask you to support the extension of this very impactful program.

Sincerely,

A handwritten signature in black ink that reads "James R. Johnson". The signature is written in a cursive style with a prominent "J" and "R".

Jim Johnsen