

**HB**

**97**

<TARGET><BILL>HB 97</BILL><SUBJECT>HB  
97</SUBJECT><COMM>HSTA30</COMM></TARGET>

# ALASKA STATE LEGISLATURE

**Session:**

State Capitol Building  
Room 500  
Juneau, Alaska 99801-2186  
Phone (907) 465-3004  
Toll Free: (877) 465-3004



**Interim:**

1292 Sadler Way, Ste. 308  
Fairbanks, Alaska 99701  
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## REPRESENTATIVE STEVE THOMPSON DISTRICT 2

### House Bill 97

*“An Act repealing the insurance tax credit for gifts to the Alaska fire standards council; and providing for an effective date.”*

House Bill 97 will establish a sunset date of January 1, 2022 for the Alaska Fire Standards Council (Council) tax credit. Established in 2000, the tax credit was intended to provide a funding mechanism for the Council by way of donations from insurance companies. In exchange for making a donation, an insurance company would receive a credit to apply against their taxes. But since inception, there has never been a donation to the Council, therefore, no tax credits have been issued. While the intent of the credit was to provide a funding mechanism for the Council, the incentive appears to be ineffective. HB 97 will provide a sunset date, allowing the Legislature to decide whether to reauthorize the credit or allow it to terminate in 2022.

# HOUSE COMMITTEE REPORT

3/16/17  
Finance

(7)  
 Date Referred to Committee: February 1, 2017

FURTHER REFERRALS: Finance

Date of Committee Action: March 2, 2017

The STATE AFFAIRS Committee considered:

HB 97

**HOUSE BILL NO. 97**

"An Act repealing the insurance tax credit for gifts to the Alaska fire standards council; and providing for an effective date."

**HB 97-REPEAL AK FIRE STANDARDS COUN TAX CREDIT**

Recommends it be replaced with  HCS or  CS for HB 97 (STA)  
 For Senate Bills with new title:  Technical Title  New Title: HCR \_\_\_\_\_  Same Title  New Title

- attach amendments
- add new referral to \_\_\_\_\_ Committee
- Letter of Intent \_\_\_\_\_ Committee

- List of Abbrev for Depts.:
- ADM
  - AJS
  - CED
  - COR
  - EED
  - DEC
  - DFG
  - GOV
  - DHS
  - LWF
  - LAW
  - LEG
  - MVA
  - DNR
  - DPS
  - REV
  - DOT
  - UA

<b>NEW FISCAL NOTES</b>				
*FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
1	DPS			✓

<b>PREVIOUS FISCAL NOTES</b>				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

5

<b>Signing with recommendations</b>	Printed Last Name	DP	DNP	NR	AM
	Johnson	✓			
	Wool	x			
	Birch	✓			
	Tuck	✓			
Chair:	Kreiss-Tomkins	x			
Chair:					

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## REPRESENTATIVE STEVE THOMPSON DISTRICT 2

### SECTIONAL ANALYSIS

#### House Bill 97

*“An Act repealing the insurance tax credit for gifts to the Alaska fire standards council; and providing for an effective date.”*

**Section 1:** Repeals the insurance tax credit given for gifts made the Alaska Fire Standards Council.

**Section 2:** If a credit is issued before the effective date, but the taxpayer’s tax year ends after the effective date, the credit may be applied in the tax year the credit was accrued.

**Section 3:** Provides an effective date of January 1, 2022.

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version: HB 97  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB097-DPS-AFSC-02-24-17  
Title: REPEAL AK FIRE STANDS. COUNCIL TAX  
CREDIT  
Sponsor: THOMPSON  
Requester: (H) STA

Department: Department of Public Safety  
Appropriation: Alaska Fire Standards Council  
Allocation: Alaska Fire Standards Council  
OMB Component Number: 2428

**Expenditures/Revenues**

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

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>OPERATING EXPENDITURES</b>	<b>FY 2018</b>	<b>FY 2018</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2017) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2018) 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:**

Not applicable, initial version.

Prepared By: <u>Gordon Descutner</u>	Phone: <u>(907)269-5061</u>
Division: <u>Fire and Life Safety</u>	Date: <u>02/24/2017 03:00 PM</u>
Approved By: <u>Walt Monegan</u>	Date: <u>02/24/17</u>
Agency: <u>Public Safety</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2017 LEGISLATIVE SESSION

BILL NO. HB 97

**Analysis**

This bill repeals statutes related to insurance tax credits for gifts to the Alaska Fire Standards Council (AFSC).

Under AS 21.96.075 an insurance company may receive a tax credit for cash contributions made to the AFSC for fire service programs. Since enactment of this statute, the AFSC has not received any cash contributions from insurance companies. Therefore, passage of this legislation will have no fiscal impact on the AFSC and a zero fiscal note is being submitted.

# Commerce, Community and Economic Development

**Applicable Program**

Insurance: all programs

**Indirect Expenditure Name**

Alaska Fire Standards Council Tax Credit

**Department of Revenue Submission per AS 43.05.095****(1) Description of Provision**

Tax credit for gift to Alaska Fire Standards Council. Allowed up to tax on fire premiums written.

**(2) Authorizing Statute Regulation or Other Authority**

AS 21.96.075

**(3) Year Enacted**

2000

**(4) Sunset or Repeal Date**

Can only claim up to \$150,000 but when combined with other tax credits allowed up to \$5,000,000 until 2021 when it goes back down to \$150,000.

**(5) Legislative Intent**

Rep. Gene Therriault, sponsor of the bill, was approached by the Alaska Fire Chiefs Association to establish a tax credit to help fund the Alaska Fire Standards Council operations. The Council was assigned to find alternative funding methods and determine funding by offering a tax credit to the insurance companies and allows a tax credit for contributions made.

**(6) Public Purpose**

Encourage donations for the Alaska Fire Standards Council.

**(7) Estimated Revenue Impact**

FY 2009 - \$0

FY 2010 - \$0

FY 2011 - \$0

FY 2012 - \$0

FY 2013 - \$0

**(8) Cost to Administer**

N/A

**(9) Number of Beneficiaries**

None

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**Legislative Finance Analysis per AS 24.20.235****(1) Estimate of Annual Revenue Foregone by the State**

\$0

**(2) Estimate of Annual Benefit to Recipients**

\$0

**(3) Legislative Intent Met?**

No -- no money has ever been donated, therefore, the credit appears to be ineffective.

**(4) Should it be Continued, Modified or Terminated?**

Recommend reconsideration. The legislature may want to review this tax credit to determine if it is still applicable and potentially terminate the tax credit if it is deemed ineffective.

**AMENDMENT**

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOHNSON

TO: HB 97

- 1 Page 1, line 12:
- 2 Delete "2022"
- 3 Insert "2019"