

**HB**

**97**

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

# SENATE COMMITTEE REPORT

DATE: 4/10/18

FURTHER: Rules  
 DATE TURNED IN TO OFFICE: 4/17/18

State Affairs Committee considered CS FOR HOUSE BILL NO. 97(STA)

HB 97 REPEAL AK FIRE STANDS. COUNCIL TAX CREDIT

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

and recommends:

- be replaced with SCS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  Technical Title Change  
 New Title/SCR No. \_\_\_\_\_
- adopt previous SCS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  Technical Title Change  
 New Title/SCR No. \_\_\_\_\_
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

| Dept Abbr. |     |
|------------|-----|
| ADM        | LWF |
| CED        | LAW |
| COR        | LEG |
| EED        | MVA |
| DEC        | DNR |
| DFG        | DPS |
| GOV        | REV |
| DHS        | DOT |
| AJS        | UA  |

| NEW FISCAL NOTE(S) |        |        |      |      |
|--------------------|--------|--------|------|------|
| Dept.              | Fiscal | Indet. | Zero | FN # |
|                    |        |        |      |      |
|                    |        |        |      |      |
|                    |        |        |      |      |
|                    |        |        |      |      |
|                    |        |        |      |      |

| PREVIOUS FISCAL NOTE(S) |        |        |      |      |
|-------------------------|--------|--------|------|------|
| Dept.                   | Fiscal | Indet. | Zero | FN # |
| DPS                     |        |        | ✓    | 2    |
|                         |        |        |      |      |
|                         |        |        |      |      |
|                         |        |        |      |      |
|                         |        |        |      |      |

APPROPRIATION - no fiscal note

| SIGNATURES AND RECOMMENDATIONS: | PRINTED LAST NAME | Do PASS | Do NOT PASS | NO REC | AMEND |
|---------------------------------|-------------------|---------|-------------|--------|-------|
|                                 | Wilson            | ✓       |             |        |       |
|                                 | Giessel           | ✓       |             |        |       |
|                                 | EGAN              | ✓       |             |        |       |
|                                 | Coghill           | ✓       |             |        |       |
|                                 |                   |         |             |        |       |
| CHAIR:                          | MEYER             | ✓       |             |        |       |

# 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  
Phone: (907) 452-1088  
Toll Free: (877) 465-3004

## REPRESENTATIVE STEVE THOMPSON DISTRICT 2

To: Senator Kevin Meyer, Chair, Senate State Affairs Committee

From: Representative Steve Thompson *smj*

Date: April 10, 2018

Re: Hearing Request Memorandum for House Bill 97

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Dear Chair Meyer:

This office formally requests a hearing on House Bill 97 (HB 97) – *“An Act repealing the insurance tax credit for gifts to the Alaska fire standards council; and providing for an effective date.”*

An electronic version of this request shall be sent to: [SenateStateAffair@akleg.gov](mailto:SenateStateAffair@akleg.gov).

The relevant documents include:

1. This signed hearing request memorandum. Forrest Wolfe is the assigned staff to this legislation.
2. A sponsor statement addressing the current bill version.
3. The most recent version of the bill. The most recent version is 30-LS0180\D
4. A sectional analysis of the latest bill version.
5. Fiscal note from the Department of Public Safety.
6. A supporting document from the 2015 Legislative Finance Indirect Expenditure Report.

Please contact Forrest Wolfe from my office if you have additional questions. Mr. Wolfe’s direct phone line is (907) 465-3004 and can be reached via e-mail at [forrest.wolfe@akleg.gov](mailto:forrest.wolfe@akleg.gov).

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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, 2019 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 2019.

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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, 2019.

# Fiscal Note

State of Alaska  
2018 Legislative Session

|                     |              |
|---------------------|--------------|
| Bill Version:       | CSHB 97(STA) |
| Fiscal Note Number: | 2            |
| (H) Publish Date:   | 3/14/2018    |

Identifier: HB097CS(STA)-DPS-AFSC-03-08-18  
 Title: REPEAL AK FIRE STANDS. COUNCIL TAX  
 CREDIT  
 Sponsor: THOMPSON  
 Requester: (H) FIN

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

### 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 2020                 | FY 2021        | FY 2022        | FY 2023        | FY 2024        |
| <b>OPERATING EXPENDITURES</b> | <b>FY 2019</b>          | <b>FY 2019</b>            | <b>FY 2020</b>          | <b>FY 2021</b> | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</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 (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:

Updated for 2nd session to accurately reflect FY2019 and out year costs.

Prepared By: Kelly Howell, Administrative Services Director  
 Division: Administrative Services  
 Approved By: Walt Monegan, Commissioner  
 Agency: Public Safety

Phone: (907)465-4336  
 Date: 03/08/2018  
 Date: 03/08/18

REPORTED OUT OF  
HFC 03/12/2018

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

**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.