

Leg Finance-House & Senate Fin Comte Files (1985-1986) 2453.15

COMMITTEE REPORT
SENATE

FURTHER:

5/10/86

Date _____

Mr. President

The Committee on FINANCE considered CSHB 688(Fin)
allowing tax credits for contributions to educational institutions.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

COMMITTEE REPORT

SENATE

FURTHER:

FINANCE

5/4/86

Date 5-9-86

Mr. President

The Committee on HESS considered CSHB 688(Fin)
allowing tax credits for contributions to educational institutions.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- ~~replace with/or adopt~~ SCS for CSHB 688
- new title
- same title and recommends Do Pass
- and attached a "LETTER OF INTENT" [] NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

Arthur Stungulinski
Edna DeVries

MEMBERS HAVING
OTHER RECOMMENDATIONS

Patricia Schenkman DeFess
Chairman

Chairman recommendation

Offered: 5/10/86
Referred: Finance

Original sponsors: Gruenberg, Kop. an,
Ringstad, et al

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 688 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act allowing tax credits for contributions to
7 educational institutions."

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

9 * Section 1. PURPOSE. It is the purpose of this Act to provide col-
10 leges and universities with a private source of funding for direct instruc-
11 tion, research, and educational support purposes, including library and
12 museum acquisitions, during this period of declining state revenue.

13 * Sec. 2. AS 43.20 is amended by adding a new section to read:

14 Sec. 43.20.014. INCOME TAX EDUCATION CREDIT. (a) A taxpayer is
15 allowed as a credit against the tax due under this chapter 50 percent
16 of cash contributions accepted for direct instruction, research, and
17 educational support purposes, including library and museum acquisi-
18 tions, by an accredited, nonprofit, public or private, Alaska, two- or
19 four-year, college or university. The credit may not exceed the
20 lesser of 10 percent of the amount of tax due under this chapter or
21 \$10,000. A contribution claimed as a credit under this section may
22 not be claimed as a credit under another provision of this title. A
23 deduction is not allowed under 26 U.S.C. 170, where the credit provid-
24 ed by this section is claimed.

25 (b) Contributions accepted for endowment purposes are not eligi-
26 ble for the credit under (a) of this section.

27 (c) By September 30 of each year, the Department of Revenue
28 shall report to the Legislative Budget and Audit Committee on the
29 credits taken under this section. Each public college and university

1 shall include in its annual operating budget request contributions
2 received and how the contributions were used.

3 * Sec. 3. AS 43.20.036 is amended by adding a new subsection to read:

4 (j) For purposes of calculating the tax payable under this
5 chapter, a deduction under 26 U.S.C. 170 may only be taken if payment
6 is made on or before the last day of the taxable year.

7 * Sec. 4. AS 43.55 is amended by adding a new section to read:

8 Sec. 43.55.019. OIL OR GAS PRODUCTION EDUCATION CREDIT. (a) A
9 producer of oil or gas is allowed as a credit against the tax due
10 under this chapter 50 percent of cash contributions accepted for
11 direct instruction, research, and educational support purposes, in-
12 cluding library and museum acquisitions, by an accredited, nonprofit,
13 public or private, Alaska, two- or four-year, college or university.
14 The credit may only be applied against the tax liability accruing
15 during the month the contribution is made. The credit may not exceed
16 the lesser of 10 percent of the amount of tax due under this chapter
17 or \$1,000. A contribution claimed as a credit under this section may
18 not be claimed as a credit under another provision of this title.

19 (b) Contributions accepted for endowment purposes are not eligi-
20 ble for the credit under (a) of this section.

21 (c) By September 30 of each year, the Department of Revenue
22 shall report to the Legislative Budget and Audit Committee on the
23 credits taken under this section. Each public college and university
24 shall include in its annual operating budget request contributions
25 received and how the contributions were used.

26 * Sec. 5. AS 43.56 is amended by adding a new section to read:

27 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The
28 owner of property taxable under this chapter is allowed as a credit
29 against the tax due under this chapter 50 percent of cash

1 contributions accepted for direct instruction, research, and educa-
2 tional support purposes, including library and museum acquisitions, by
3 an accredited, nonprofit, public or private, Alaska, two- or four-
4 year, college or university. The credit may only be applied against
5 the tax liability accruing during the month the contribution is made.
6 The credit may not exceed the lesser of 10 percent of the amount of
7 tax due under this chapter or \$1,000. A contribution claimed as a
8 credit under this section may not be claimed as a credit under another
9 provision of this title.

10 (b) Contributions accepted for endowment purposes are not eligi-
11 ble for the credit under (a) of this section.

12 (c) By September 30 of each year, the Department of Revenue
13 shall report to the Legislative Budget and Audit Committee on the
14 credits taken under this section. Each public college and university
15 shall include in its annual operating budget request contributions
16 received and how the contributions were used.

17 * Sec. 6. AS 43.65 is amended by adding a new section to read:

18 Sec. 43.65.018. MINING BUSINESS EDUCATION CREDIT. (a) A person
19 engaged in the business of mining in the state is allowed as a credit
20 against the tax due under this chapter 50 percent of cash contribu-
21 tions accepted for direct instruction, research, and educational
22 support purposes, including library and museum acquisitions, by an
23 accredited, nonprofit, public or private, Alaska, two- or four-year,
24 college or university. The credit may not exceed the lesser of 10
25 percent of the amount of tax due under this chapter or \$10,000. A
26 contribution claimed as a credit under this section may not be claimed
27 as a credit under another provision of this title.

28 (b) Contributions accepted for endowment purposes are not eligi-
29 ble for the credit under (a) of this section.

1 (c) By September 30 of each year, the Department of Revenue
2 shall report to the Legislative Budget and Audit Committee on the
3 credits taken under this section. Each public college and university
4 shall include in its annual operating budget request contributions
5 received and how the contributions were used.

6 * Sec. 7. AS 43.75 is amended by adding a new section to read:

7 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
8 person engaged in a fisheries business is allowed as a credit against
9 the tax due under this chapter 50 percent of cash contributions ac-
10 cepted for direct instruction, research, and educational support
11 purposes, including library and museum acquisitions, by an accredited,
12 nonprofit, public or private, Alaska, two- or four-year, college or
13 university. The credit may not exceed the lesser of 10 percent of the
14 amount of tax due under this chapter or \$10,000. A contribution
15 claimed as a credit under this section may not be claimed as a credit
16 under another provision of this title.

17 (b) Contributions accepted for endowment purposes are not eligi-
18 ble for the credit under (a) of this section.

19 (c) By September 30 of each year, the Department of Revenue
20 shall report to the Legislative Budget and Audit Committee on the
21 credits taken under this section. Each public college and university
22 shall include in its annual operating budget request contributions
23 received and how the contributions were used.

24 * Sec. 8. AS 43.75.130 is amended by adding a new subsection to read:

25 (b) In this section, "tax revenue collected" includes the amount
26 credited against taxes under AS 43.75.018.

27 * Sec. 9. The provisions of this Act apply to contributions made after
28 December 31, 1986.

2 new Justice Supp 124

Jamee

Offered: 4/25/86
Referred: Rules

Original sponsors: Gruenberg, Koponen,
Ringstad, et al

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 688 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act allowing tax credits for contributions to
7 educational institutions."

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

9 * Section 1. PURPOSE. It is the purpose of this Act to provide col-
10 leges and universities with a private source of funding for direct instruc-
11 tion and instructional support purposes during this period of declining
12 state revenue.

13 * Sec. 2. INTENT. It is the intent of the legislature that contri-
14 butions received by a public college or university under this Act may be
15 offset by the legislature in appropriations to the public college or uni-
16 versity in future years.

17 * Sec. 3. AS 43.20 is amended by adding a new section to read:

18 Sec. 43.20.014. INCOME TAX EDUCATION CREDIT. (a) A taxpayer is
19 allowed as a credit against the tax due under this chapter 50 percent
20 of cash contributions accepted for direct instruction and instruction-
21 al support purposes by an accredited, nonprofit, public or private,
22 Alaska, two- or four-year, college or university. The credit may not
23 exceed the lesser of 10 percent of the amount of tax due under this
24 chapter or \$10,000. A contribution claimed as a credit under this
25 section may not be claimed as a credit under another provision of this
26 title. A deduction is not allowed under 26 U.S.C. 170, where the
27 credit provided by this section is claimed.

28 (b) A public college or university that accepts a contribution
29 under this section may only spend the cash received for direct

1 instruction and instructional support purposes, and must spend the
2 amount within one year of receiving it. The cash received may not be
3 put in an endowment.

4 (c) By September 30 of each year each public college or
5 university shall report to the Legislative Budget and Audit Committee
6 the contributions received under this section and how the
7 contributions were spent.

8 * Sec. 4. AS 43.20.036 is amended by adding a new subsection to read:

9 (j) For purposes of calculating the tax payable under this
10 chapter, a deduction under 26 U.S.C. 170 may only be taken if payment
11 is made on or before the last day of the taxable year.

12 * Sec. 5. AS 43.31 is amended by adding a new section to read:

13 Sec. 43.31.014. ESTATE EDUCATION CREDIT. (a) The estate of a
14 person who was a resident at the time of death, is allowed as a credit
15 against the tax due under this chapter 50 percent of cash bequests
16 accepted for direct instruction and instructional support purposes by
17 an accredited, nonprofit, public or private, Alaska, two- or four-
18 year, college or university. The credit may not exceed the lesser of
19 10 percent of the amount of tax due under this chapter or \$10,000. A
20 contribution claimed as a credit under this section may not be claimed
21 as a credit under another provision of this title.

22 (b) By September 30 of each year each public college or
23 university shall report to the Legislative Budget and Audit Committee
24 the contributions received under this section and how the
25 contributions were spent.

26 * Sec. 6. AS 43.55 is amended by adding a new section to read:

27 Sec. 43.55.019. OIL OR GAS PRODUCER EDUCATION CREDIT. (a) A
28 producer of oil or gas is allowed as a credit against the tax due
29 under this chapter 50 percent of cash contributions accepted for

1 direct instruction and instructional support purposes by an accredit-
2 ed, nonprofit, public or private, Alaska, two- or four-year, college
3 or university. The credit may only be applied against the tax liabil-
4 ity accruing during the month the contribution is made. The credit
5 may not exceed the lesser of 10 percent of the amount of tax due under
6 this chapter or \$1,000. A contribution claimed as a credit under this
7 section may not be claimed as a credit under another provision of this
8 title.

9 (b) A public college or university that accepts a contribution
10 under this section may only spend the cash received for direct in-
11 struction and instructional support purposes, and must spend the
12 amount within one year of receiving it. The cash received may not be
13 put in an endowment.

14 (c) By September 30 of each year each public college or
15 university shall report to the Legislative Budget and Audit Committee
16 the contributions received under this section and how the
17 contributions were spent.

18 * Sec. 7. AS 43.56 is amended by adding a new section to read:

19 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The
20 owner of property taxable under this chapter is allowed as a credit
21 against the tax due under this chapter 50 percent of cash contribu-
22 tions accepted for direct instruction and instructional support pur-
23 poses by an accredited, nonprofit, public or private, Alaska, two- or
24 four-year, college or university. The credit may only be applied
25 against the tax liability accruing during the month the contribution
26 is made. The credit may not exceed the lesser of 10 percent of the
27 amount of tax due under this chapter or \$1,000. A contribution
28 claimed as a credit under this section may not be claimed as a credit
29 under another provision of this title.

1 (b) A public college or university that accepts a contribution
2 under this section may only spend the cash received for direct in-
3 struction and instructional support purposes, and must spend the
4 amount within one year of receiving it. The cash received may not be
5 put in an endowment.

6 (c) By September 30 of each year each public college or
7 university shall report to the Legislative Budget and Audit Committee
8 the contributions received under this section and how the
9 contributions were spent.

10 * Sec. 8. AS 43.65 is amended by adding a new section to read:

11 Sec. 43.65.018. MINING BUSINESS EDUCATION CREDIT. (a) A person
12 engaged in the business of mining in the state is allowed as a credit
13 against the tax due under this chapter 50 percent of cash contribu-
14 tions accepted for direct instruction and instructional support pur-
15 poses by an accredited, nonprofit, public or private, Alaska, two- or
16 four-year, college or university. The credit may not exceed the
17 lesser of 10 percent of the amount of tax due under this chapter or
18 \$10,000. A contribution claimed as a credit under this section may
19 not be claimed as a credit under another provision of this title.

20 (b) A public college or university that accepts a contribution
21 under this section may only spend the cash received for direct in-
22 struction and instructional support purposes, and must spend the
23 amount within one year of receiving it. The cash received may not be
24 put in an endowment.

25 (c) By September 30 of each year each public college or
26 university shall report to the Legislative Budget and Audit Committee
27 the contributions received under this section and how the
28 contributions were spent.

29 * Sec. 9. AS 43.75 is amended by adding a new section to read:

1 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
2 person engaged in a fisheries business is allowed as a credit against
3 the tax due under this chapter 50 percent of cash contributions ac-
4 cepted for direct instruction and instructional support purposes by an
5 accredited, nonprofit, public or private, Alaska, two- or four-year,
6 college or university. The credit may not exceed the lesser of 10
7 percent of the amount of tax due under this chapter or \$10,000. A
8 contribution claimed as a credit under this section may not be claimed
9 as a credit under another provision of this title.

10 (b) A public college or university that accepts a contribution
11 under this section may only spend the cash received for direct in-
12 struction and instructional support purposes, and must spend the
13 amount within one year of receiving it. The cash received may not be
14 put in an endowment.

15 (c) By September 30 of each year each public college or
16 university shall report to the Legislative Budget and Audit Committee
17 the contributions received and how the contributions were spent.

18 * Sec. 10. AS 43.75.130 is amended by adding a new subsection to read:

19 (b) In this section, "tax revenue collected" includes the amount
20 credited against taxes under AS 43.75.018.

21 * Sec. 11. The provisions of this Act apply to contributions made after
22 December 31, 1986.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : 4/22/86

REQUEST

bill/Resolution No. : CSHB 688(FIN) #2
 Title : Tax credits for educational institutions
 Sponsor : Gruenberg
 Requestor : House Finance Committee
 Date of Request : 4/22/86

FISCAL DETAIL

Agency Affected : University
 BRU : _____
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | --- | --- | --- | --- | --- |
| TRAVEL | | --- | --- | --- | --- | --- |
| CONTRACTUAL | | --- | --- | --- | --- | --- |
| SUPPLIES | | --- | --- | --- | --- | --- |
| EQUIPMENT | | --- | --- | --- | --- | --- |
| LAND & STRUCTURES | | --- | --- | --- | --- | --- |
| GRANTS, CLAIMS | | --- | --- | --- | --- | --- |
| MISCELLANEOUS | | --- | --- | --- | --- | --- |
| TOTAL OPERATING | | --- | --- | --- | --- | --- |
| CAPITAL | | -- | --- | --- | --- | --- |
| REVENUE | | --- | --- | --- | --- | --- |

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|-----|-----|-----|-----|-----|
| GENERAL FUND | | --- | --- | --- | --- | --- |
| FEDERAL FUNDS | | --- | --- | --- | --- | --- |
| OTHER | | --- | --- | --- | --- | --- |
| TOTAL | | --- | --- | --- | --- | --- |

POSITIONS :

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

The University will probably gain funds, which in turn will be used for operating expenses, from passage of this bill. The actual amount of funds earned is impossible to accurately predict. See fiscal note #1.

Prepared by : Al Adams, Chair Phone : 465-3706
 Division : House Finance Committee Date : 4/22/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

*cc
4/25/86
4/24/86*

4/25
4/22/86

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 4/22/86

REQUEST Page 1 of 2

FISCAL DETAIL

Bill/Resolution No. : CSHB 688 (FIN) #1
 Title : Tax credits for educational institutions

Agency Affected : Revenue
 BRU : _____

Sponsor : Gruenberg
 Requestor : House Finance Committee
 Date of Request : 4/22/86

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|---|---|---|---|---|
| CAPITAL | | 0 | 0 | 0 | 0 | 0 |
|---------|--|---|---|---|---|---|

| | | | | | | |
|---------|--|-------|-------|-------|-------|-------|
| REVENUE | | (---) | (---) | (---) | (---) | (---) |
|---------|--|-------|-------|-------|-------|-------|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|---|---|---|---|---|
| GENERAL FUND | | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | | 0 | 0 | 0 | 0 | 0 |
| OTHER | | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | 0 | 0 | 0 | 0 | 0 |

POSITIONS :

| | | | | | | |
|-----------|--|---|---|---|---|---|
| FULL-TIME | | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | | 0 | 0 | 0 | 0 | 0 |

ANALYSIS :

There will be revenue loss from this bill but it is impossible to predict the actual loss since it depends on how many taxpayers use the credit and how much they choose to credit against their tax liabilities. If all current taxpayers took the maximum credit allowed, the annual revenue loss would be about \$7.6 million.

No funds are needed to operate the tax credit program provided for in this bill.

Prepared by : Al Adams, Chair *APA*
 Division : House Finance Committee

Phone : 465-3706
 Date : 4/22/86

Approved by Commissioner : _____
 Agency : _____

Date : _____

Revenue

ALASKA STATE LEGISLATURE

14th Legislature SECOND Session

HOUSE BILL NO. 688

By GRUENBERG, KOPONEN, RINGSTAD, BOUCHER, CATO, COLLINS, COTTEN, DUNCAN, FRANK, GRUSSENDORF, HANLEY, JENKINS, LARSON, MARROU, MARTIN, M.M. MILLER, NAVARRE, PRILLIPS, PIGNALBERI, SHULTZ, SZYMANSKI, TAYLOR, UEHLING, WALLIS

"An Act allowing tax credits for contributions to educational institutions."

CSHB 688(Fin) BY FINANCE

introduced: 4/25/86
referred: Rules

TITLE: same

tax credits to education

Introduced in the House ... 2/17/, 1986

HISTORY IN THE HOUSE

| | | | | | | | | | | | | | | | | | | | | | |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------|---------|--------|--------|------|----------|--------|-----------|---------|-------------|-----------------------|------|------|------|------|--------|--------|---------|---------|
| 1986 | Read first time and referred to Committee on | | | | | | | | | | | | | | | | | | | | |
| Feb 17 | HESS AND FINANCE | | | | | | | | | | | | | | | | | | | | |
| Mar 26 | Reported back with recommendation that <i>Here - CS/Fin - 5dp 20 Finance</i> | | | | | | | | | | | | | | | | | | | | |
| Apr 25 | <i>Finance - CS/Fin - 4dp, 6716 20 Rules</i> | | | | | | | | | | | | | | | | | | | | |
| May 2 | Read second time and <i>CS/Fin adapted room</i> | | | | | | | | | | | | | | | | | | | | |
| May 2 | Read third time and | | | | | | | | | | | | | | | | | | | | |
| May 2 | <table border="0"> <tr> <td>PASS ed</td> <td>Effective Date</td> </tr> <tr> <td>Yeas 32</td> <td>Yeas /</td> </tr> <tr> <td>Nays 6</td> <td>Nays</td> </tr> <tr> <td>Absent 1</td> <td>Absent</td> </tr> <tr> <td>Excused 1</td> <td>Excused</td> </tr> </table> <p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> <p>Reported correctly engrossed Signed by Speaker Sent to Senate</p> <p><i>Bereidson</i></p> | PASS ed | Effective Date | Yeas 32 | Yeas / | Nays 6 | Nays | Absent 1 | Absent | Excused 1 | Excused | PASS | Effective Date | Yeas | Yeas | Nays | Nays | Absent | Absent | Excused | Excused |
| PASS ed | Effective Date | | | | | | | | | | | | | | | | | | | | |
| Yeas 32 | Yeas / | | | | | | | | | | | | | | | | | | | | |
| Nays 6 | Nays | | | | | | | | | | | | | | | | | | | | |
| Absent 1 | Absent | | | | | | | | | | | | | | | | | | | | |
| Excused 1 | Excused | | | | | | | | | | | | | | | | | | | | |
| PASS | Effective Date | | | | | | | | | | | | | | | | | | | | |
| Yeas | Yeas | | | | | | | | | | | | | | | | | | | | |
| Nays | Nays | | | | | | | | | | | | | | | | | | | | |
| Absent | Absent | | | | | | | | | | | | | | | | | | | | |
| Excused | Excused | | | | | | | | | | | | | | | | | | | | |
| 5522 | CHIEF CLERK OF THE HOUSE | | | | | | | | | | | | | | | | | | | | |

HISTORY IN THE SENATE

| | | | | | | | | | | | | | | | | | | | | | |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------|------|------|------|------|--------|--------|---------|---------|-------------|-----------------------|------|------|------|------|--------|--------|---------|---------|
| 1986 | Read first time and referred to Committee on | | | | | | | | | | | | | | | | | | | | |
| 59 | <i>HESS - Fin</i> | | | | | | | | | | | | | | | | | | | | |
| 510 | Reported back with recommendation that <i>HESS report of SES 3 de part to the</i> | | | | | | | | | | | | | | | | | | | | |
| | Read second time and | | | | | | | | | | | | | | | | | | | | |
| | Read third time and | | | | | | | | | | | | | | | | | | | | |
| | <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> <p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> <p>Reported correctly engrossed Signed by President Returned to House</p> | PASS | Effective Date | Yeas | Yeas | Nays | Nays | Absent | Absent | Excused | Excused | PASS | Effective Date | Yeas | Yeas | Nays | Nays | Absent | Absent | Excused | Excused |
| PASS | Effective Date | | | | | | | | | | | | | | | | | | | | |
| Yeas | Yeas | | | | | | | | | | | | | | | | | | | | |
| Nays | Nays | | | | | | | | | | | | | | | | | | | | |
| Absent | Absent | | | | | | | | | | | | | | | | | | | | |
| Excused | Excused | | | | | | | | | | | | | | | | | | | | |
| PASS | Effective Date | | | | | | | | | | | | | | | | | | | | |
| Yeas | Yeas | | | | | | | | | | | | | | | | | | | | |
| Nays | Nays | | | | | | | | | | | | | | | | | | | | |
| Absent | Absent | | | | | | | | | | | | | | | | | | | | |
| Excused | Excused | | | | | | | | | | | | | | | | | | | | |
| | SECRETARY OF THE SENATE | | | | | | | | | | | | | | | | | | | | |

HISTORY IN THE HOUSE

| | |
|----|----------------------------------------------------------------------|
| 19 | Received from Senate |
| | Concurred in Senate amendment thru adopting: VOTE |
| | Failed to concur in Senate amendment; asked Senate to recede VOTE |
| | Senate receded from amendment VOTE |
| | Senate failed to recede from amendment VOTE |
| | CC appointed by House |
| | CC appointed by Senate |
| | CC adopted by House VOTE |
| | CC adopted by Senate VOTE |
| | To enrolling Reported correctly enrolled Sent to Governor |
| | by Governor |
| | Filed with Lt. Governor |
| | Chapter No. |

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ALASKA STATE LEGISLATURE

14th Legislature SECOND Session

HOUSE BILL NO. 688

By GRUENBERG, KOPOWEN,
RINGSTAD, BOUCHER, CATO, COLLINS,
COTTEN, DUNCAN, FRANK, GRUSSENDORF,
HANLEY, JENKINS, LARSON, MARROU,
MARTIN, M.M. MILLER, NAVARRE,
PHILLIPS, PIGNALBERI, SHULTZ,
SZYMANSKI, TAYLOR, UEHLING, WALLIS

"An Act allowing tax credits
for contributions to educational
institutions."

CSHB 688 (Fin) BY FINANCE

Introduced: 4/25/86
referred: Rules

TITLE: same

tax credits to education

Introduced in the House ... 2/17/, 19.86

HISTORY IN THE HOUSE

| | | | | | | | | | | | | | | | | | | | | | |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------|---------|--------|--------|------|----------|--------|-----------|---------|-------------|-----------------------|------|------|------|------|--------|--------|---------|---------|
| 19 86 | Read first time and referred to Committee on | | | | | | | | | | | | | | | | | | | | |
| Feb 17 | HESS AND FINANCE | | | | | | | | | | | | | | | | | | | | |
| Mar 26 | Reported back with recommendation that <i>here - cs/fin - 5dp to finance</i> | | | | | | | | | | | | | | | | | | | | |
| Apr 25 | <i>finance - cs/fin - 4dp, 6716 to Rules</i> | | | | | | | | | | | | | | | | | | | | |
| May 2 | Read second time and <i>CS/fin adapted road</i> | | | | | | | | | | | | | | | | | | | | |
| May 2 | Read third time and | | | | | | | | | | | | | | | | | | | | |
| May 2 | <table border="0"> <tr> <td>PASS ed</td> <td>Effective Date</td> </tr> <tr> <td>Yeas 32</td> <td>Yeas /</td> </tr> <tr> <td>Nays 6</td> <td>Nays</td> </tr> <tr> <td>Absent 1</td> <td>Absent</td> </tr> <tr> <td>Excused /</td> <td>Excused</td> </tr> </table> <p style="text-align: center;">Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> <p>Reported correctly engrossed Signed by Speaker Sent to Senate</p> <p><i>Beneish</i></p> | PASS ed | Effective Date | Yeas 32 | Yeas / | Nays 6 | Nays | Absent 1 | Absent | Excused / | Excused | PASS | Effective Date | Yeas | Yeas | Nays | Nays | Absent | Absent | Excused | Excused |
| PASS ed | Effective Date | | | | | | | | | | | | | | | | | | | | |
| Yeas 32 | Yeas / | | | | | | | | | | | | | | | | | | | | |
| Nays 6 | Nays | | | | | | | | | | | | | | | | | | | | |
| Absent 1 | Absent | | | | | | | | | | | | | | | | | | | | |
| Excused / | Excused | | | | | | | | | | | | | | | | | | | | |
| PASS | Effective Date | | | | | | | | | | | | | | | | | | | | |
| Yeas | Yeas | | | | | | | | | | | | | | | | | | | | |
| Nays | Nays | | | | | | | | | | | | | | | | | | | | |
| Absent | Absent | | | | | | | | | | | | | | | | | | | | |
| Excused | Excused | | | | | | | | | | | | | | | | | | | | |
| 5 2 5 2 5 2 | CHIEF CLERK OF THE HOUSE | | | | | | | | | | | | | | | | | | | | |

HISTORY IN THE SENATE

| | | | | | | | | | | | | | | | | | | | | | |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------|------|------|------|------|--------|--------|---------|---------|-------------|-----------------------|------|------|------|------|--------|--------|---------|---------|
| 1986 | Read first time and referred to Committee on | | | | | | | | | | | | | | | | | | | | |
| 5 4 | <i>HESS - Fin</i> | | | | | | | | | | | | | | | | | | | | |
| 5 10 | Reported back with recommendation that <i>HESS replace w/ SCS 3 de pos 2 Fin</i> | | | | | | | | | | | | | | | | | | | | |
| | Read second time and | | | | | | | | | | | | | | | | | | | | |
| | Read third time and | | | | | | | | | | | | | | | | | | | | |
| | <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> <p style="text-align: center;">Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table> <p>Reported correctly engrossed Signed by President Returned to House</p> | PASS | Effective Date | Yeas | Yeas | Nays | Nays | Absent | Absent | Excused | Excused | PASS | Effective Date | Yeas | Yeas | Nays | Nays | Absent | Absent | Excused | Excused |
| PASS | Effective Date | | | | | | | | | | | | | | | | | | | | |
| Yeas | Yeas | | | | | | | | | | | | | | | | | | | | |
| Nays | Nays | | | | | | | | | | | | | | | | | | | | |
| Absent | Absent | | | | | | | | | | | | | | | | | | | | |
| Excused | Excused | | | | | | | | | | | | | | | | | | | | |
| PASS | Effective Date | | | | | | | | | | | | | | | | | | | | |
| Yeas | Yeas | | | | | | | | | | | | | | | | | | | | |
| Nays | Nays | | | | | | | | | | | | | | | | | | | | |
| Absent | Absent | | | | | | | | | | | | | | | | | | | | |
| Excused | Excused | | | | | | | | | | | | | | | | | | | | |
| | SECRETARY OF THE SENATE | | | | | | | | | | | | | | | | | | | | |

HISTORY IN THE HOUSE

| | |
|----|--------------------------------------------------------------------------------------|
| 19 | Received from Senate |
| | Concurred in Senate amendment thus adopting: VOTE |
| | Failed to concur in Senate amendment; asked Senate to recede VOTE |
| | Senate receded from amendment VOTE |
| | Senate failed to recede from amendment VOTE |
| | CC appointed by House |
| | CC appointed by Senate |
| | CC adopted by House VOTE |
| | CC adopted by Senate VOTE |
| | To enrolling Reported correctly enrolled Sent to Governor by Governor |
| | Filed with Lt. Governor |
| | Chapter No. |

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : 4/22/86

REQUEST

Bill/Resolution No. : CSHB 688 (FIN) #2
 Title : Tax credits for educational institutions

Sponsor : Gruenberg
 Requestor : House Finance Committee
 Date of Request : 4/22/86

FISCAL DETAIL

Agency Affected : University
 BRU : _____

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | --- | --- | --- | --- | --- |
| TRAVEL | | --- | --- | --- | --- | --- |
| CONTRACTUAL | | --- | --- | --- | --- | --- |
| SUPPLIES | | --- | --- | --- | --- | --- |
| EQUIPMENT | | --- | --- | --- | --- | --- |
| LAND & STRUCTURES | | --- | --- | --- | --- | --- |
| GRANTS, CLAIMS | | --- | --- | --- | --- | --- |
| MISCELLANEOUS | | --- | --- | --- | --- | --- |
| TOTAL OPERATING | | --- | --- | --- | --- | --- |

| | | | | | | |
|---------|--|----|-----|-----|-----|-----|
| CAPITAL | | -- | --- | --- | --- | --- |
|---------|--|----|-----|-----|-----|-----|

| | | | | | | |
|---------|--|-----|-----|-----|-----|-----|
| REVENUE | | --- | --- | --- | --- | --- |
|---------|--|-----|-----|-----|-----|-----|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|-----|-----|-----|-----|-----|
| GENERAL FUND | | --- | --- | --- | --- | --- |
| FEDERAL FUNDS | | --- | --- | --- | --- | --- |
| OTHER | | --- | --- | --- | --- | --- |
| TOTAL | | --- | --- | --- | --- | --- |

POSITIONS :

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

The University will probably gain funds, which in turn will be used for operating expenses, from passage of this bill. The actual amount of funds earned is impossible to accurately predict. See fiscal note #1.

Prepared by : Al Adams, Chair Phone : 465-3706
 Division : House Finance Committee Date : 4/22/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : 4/22/86

REQUEST Page 1 of 2

FISCAL DETAIL

Bill/Resolution No. : CSHE 688(FIN) #1
Title : Tax credits for educational institutions

Agency Affected : Revenue
BRU : _____

Sponsor : Gruenberg
Requestor : House Finance Committee
Date of Request : 4/22/86

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | | 0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | | 0 | 0 | 0 | 0 | 0 |
| SUPPLIES | | 0 | 0 | 0 | 0 | 0 |
| EQUIPMENT | | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|---|---|---|---|---|
| CAPITAL | | 0 | 0 | 0 | 0 | 0 |
|---------|--|---|---|---|---|---|

| | | | | | | |
|---------|--|------|------|------|------|------|
| REVENUE | | (--- | (--- | (--- | (--- | (--- |
|---------|--|------|------|------|------|------|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|---|---|---|---|---|
| GENERAL FUND | | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | | 0 | 0 | 0 | 0 | 0 |
| OTHER | | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | 0 | 0 | 0 | 0 | 0 |

POSITIONS :

| | | | | | | |
|-----------|--|---|---|---|---|---|
| FULL-TIME | | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | | 0 | 0 | 0 | 0 | 0 |

ANALYSIS :

There will be revenue loss from this bill but it is impossible to predict the actual loss since it depends on how many taxpayers use the credit and how much they choose to credit against their tax liabilities. If all current taxpayers took the maximum credit allowed, the annual revenue loss would be about \$7.6 million.

No funds are needed to operate the tax credit program provided for in this bill.

Prepared by : Al Adams, Chair *APA*
Division : House Finance Committee

Phone : 465-3706
Date : 4/22/86

Approved by Commissioner : _____
Agency : _____

Date : _____

Revenue

Changes made in proposed CS HB 688 (FIN):

1. Purpose section added stating that credits are an incentive to increase private contributions in an era of declining revenues.
2. Intent section added indicating that if the program does provide lots of money to the University, then the legislature may reduce general fund support.
3. Credits are only available for funds provided for direct instruction (faculty salaries) and instructional support (lab equipment, supplies, other classroom support).
4. The amount of each allowable credit is capped. For the income, estate, mining, and fish taxes, the cap is the lesser of \$10,000 or 10% of annual tax liability. For the severance and property taxes, the cap is the lesser of \$1,000 or 10% of monthly tax liability. These caps mean that maximum revenue loss is estimated at \$7.6 million.
5. For the income tax, an amount taken as a charitable deduction cannot also be taken as an educational credit.
6. Money accepted by a public school can only be spent on direct instruction and instructional purposes. It cannot be put in an endowment (except for money received that is taken as a credit against the estate tax) and it must be spent within one year of receipt. Each year, the public school must report to the legislature on how the money is spent.

SECTIONAL ANALYSIS FOR HB 688 - RELATING TO TAX CREDITS FOR CONTRIBUTIONS TO EDUCATIONAL INSTITUTIONS

The aim of the bill is to provide a new revenue stream for higher education in Alaska, while providing considerable state and federal tax benefits for individuals making contributions.

- SECTION 1 Provides that a person engaged in trade or business is allowed a credit against their tax due for 50% of their contribution to a qualified college or university.
- SECTION 2 Provides that 10% of a bequest to a qualified college or university is allowed as a credit towards estate tax.
- SECTION 3 Provides for a tax credit of 50% of the contribution to a qualified college or university for an oil and gas producer.
- SECTION 4 Provides for a tax credit of 50% of the contribution to a qualified college or university by an owner of taxable oil and gas property.
- SECTION 5 Provides for a tax credit of 50% of the contribution to a qualified college or university towards the mining business tax.
- SECTION 6 Provides for a tax credit of 50% of the contribution to a qualified college or university towards the state share of the raw fish tax.
- SECTION 7 Defines "tax revenue collected" under the raw fish tax.

CHANGES IN THE HESS COMMITTEE SUBSTITUTE:

1. Provides in each section that the contributions must be cash and must be accepted by the college or university.
2. Prevents one contribution from being charged under more than one tax credit category.
3. Section 3 was amended, at the request of the Department of Revenue, to provide that the credit may be applied against the tax liability accruing during the month the contribution was made.
4. A new section 8 was added to the bill which provides that the Act applies to contributions made after December 31, 1986.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 22, 1986

SUBJECT: Tax credits for contributions to
educational institutions
CSHB 688(Fin)

TO: Representative Al Adams, Chairman
House Finance Committee
Attn. Louann Cutler

FROM: Joyce James 
Legislative Counsel

I spoke with Kerry Romesburg in Postsecondary Education who informed me of the meaning of commonly understood budget terms. He said that "direct instruction" refers purely to faculty salaries, and "instructional support" refers to laboratory equipment, supplies, or anything necessary to support a faculty member in the classroom. Accordingly, I have used these terms in the bill without defining them further.

I bring to your attention a separate issue that has been lurking, but in my opinion is brought more to the forefront with the inclusion of the purpose language. This involves the constitutional provision that prohibits public money being spent " for the direct benefit of any religious or other private educational institution." Alaska Const. art. VII, sec. 1.

I have not yet been able to find authority either way that addresses whether tax credits are considered an expenditure of public money. In a grant situation, the Alaska Supreme Court held that "merely channeling the funds through an intermediary will not save an otherwise improper expenditure of public monies." Sheldon Jackson College v. State, 599 P.2d 127, 130 (Alaska 1979).

My concern is with whether a court considering this legislation would find that tax credits were an expenditure of

Representative Al Adams
Page 2
April 22, 1986

public monies. With no stated purpose, it could be argued that the bill is to encourage private support of education which benefits the state without involving public monies. With the proposed purpose and intent language the connection between tax credits and direct aid to private education seems clearer, and harder to defend against a constitutional challenge.

You are aware that tax deductions are allowed for contributions to charitable organizations including church run educational institutions. There is no clear reason why these are constitutional and other church-state involvements are not. In a United States constitutional challenge, one justice wrote that granting tax exemptions to churches gave rise to less church-state involvement than taxing them. Walz v. Tax Commission, 397 U.S. 664 (1970). One commentator has suggested that where an aid program causes an undue amount of political division along religious lines the program is likely to be invalidated. Nowak, Constitutional Law, 1035 (2nd ed., 1983). In sum, where contributions are to a very broad category, charitable organization worldwide, they are more likely to be found constitutional than contributions to a narrower class of institutions, such as private educational institutions in Alaska.

While this bill is not clearly unconstitutional, without knowing whether the court would consider tax credits as an expenditure of public monies I cannot unequivocally state that it is constitutional. Of course, deleting private colleges and universities from those available to receive the contributions would cure any potential problem.

If I may be of any further assistance, please advise.

JJ:mkr
m5/005

Enclosure

beginning of such month. The depreciation deduction provided under section 167 shall be allowed, beginning with the first month as to which the amortization deduction does not apply, and the taxpayer shall not be entitled to any further amortization deduction with respect to such facility.

"(d) Definition of grain-storage facility.

"For purposes of this section, the term "grain-storage facility" means—

"(1) any corn crib, grain bin, or grain elevator, or any similar structure suitable primarily for the storage of grain, which crib, bin, elevator, or structure is intended by the taxpayer at the time of his election to be used for storage of grain produced by him (or, if the election is made by a partnership, produced by the members thereof);

"(2) any public grain warehouse permanently equipped for receiving, elevating, conditioning, and loading out grain.

the construction, reconstruction, or erection of which was completed after December 31, 1952, and on or before December 31, 1956. If any structure described in clause (1) or (2) of the preceding sentence is altered or remodeled so as to increase its capacity for the storage of grain, or if any structure is converted, through alteration or remodeling, into a structure so described, and if such alteration or remodeling was completed after December 31, 1952, and on or before December 31, 1956, such alteration or remodeling shall be treated as the construction of a grain-storage facility. The term "grain-storage facility" shall include only property of a character which is subject to the allowance for depreciation provided in section 167. The term "grain-storage facility" shall not include any facility any part of which is an emergency facility within the meaning of section 168 of this title.

"(e) Determination of adjusted basis.

"(1) Original owners. For purposes of subsection (a)(1)—

"(A) in determining the adjusted basis of any grain-storage facility, the construction, reconstruction, or erection of which was begun before January 1, 1933, there shall be included only so much of the amount of the adjusted basis (computed without regard to this subsection) as is properly attributable to such construction, or erection after December 31, 1952; and

"(B) in determining the adjusted basis of any facility which is a grain-storage facility within the meaning of the second sentence of subsection (d), there shall be included only so much of the amount otherwise included in such basis as is properly attributable to the alteration or remodeling.

If any existing grain-storage facility as defined in the first sentence of subsection (d) is altered or remodeled as provided in the second sentence of subsection (d), the expenditures for such remodeling or alteration shall not be applied in adjustment of the basis of such existing facility but a separate basis shall be computed in respect of such facility as if the part altered or remodeled were a new and separate grain-storage facility.

"(2) Subsequent owners. For purposes of subsection (a)(2), the adjusted basis of any grain-storage facility shall be whichever of the following amounts is the smaller:

"(A) The basis (unadjusted) of such facility for purposes of this section in the hands of the transferor, donor, or grantor, adjusted as if such facility in the hands of the taxpayer had a substituted basis within the meaning of section 1016(b), or

"(B) so much of the adjusted basis (for determining gain) of the facility in the hands of the taxpayer (as computed without regard to this subsection) as is properly attributable to construction, reconstruction, or erection after December 31, 1952.

"(f) Depreciation deduction.

"If the adjusted basis of the grain-storage facility (computed without regard to subsection (e)) exceeds the adjusted basis computed under subsection (e), the depreciation deduction provided by section 167 shall, despite the provisions of subsection (a)(3) of this section, be allowed with respect to such grain-storage facility as if the adjusted basis for the purpose of such deduction were an amount equal to the amount of such excess.

"(g) Life tenant and remainderman.

"In the case of property held by one person for life with remainder to another person, the amortization deduction provided in subsection (a) shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant."

year. A charitable contribution shall be allowable as a deduction only if verified under regulations prescribed by the Secretary.

(2) Corporations on accrual basis. In the case of a corporation reporting its taxable income on the accrual basis, if—

(A) the board of directors authorizes a charitable contribution during any taxable year, and

(B) payment of such contribution is made after the close of such taxable year and on or before the 15th day of the third month following the close of such taxable year,

then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the Secretary shall by regulations prescribe.

(3) Future interests in tangible personal property. For purposes of this section, payment of a charitable contribution which consists of a future interest in tangible personal property shall be treated as made only when all intervening interests in, and rights to the actual possession or enjoyment of, the property have expired or are held by persons other than the taxpayer or those standing in a relationship to the taxpayer described in section 267(b) or 707(b). For purposes of the preceding sentence, a fixture which is intended to be severed from the real property shall be treated as tangible personal property.

(b) Percentage limitations.

(1) Individuals. In the case of an individual, the deduction provided in subsection (a) shall be limited as provided in the succeeding subparagraphs.

(A) General rule. Any charitable contribution to—

(i) a church or a convention or association of churches,

(ii) an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on,

(iii) an organization the principal purpose or functions of which are the providing of medical or hospital care or medical education or medical research, if the organization is a hospital, or if the organization is a medical research organization directly engaged in the continuous active conduct of medical research in conjunction with a hospital, and during the calendar year in which the contribution is made such organization is committed to spend such contributions for such research before January 1 of the fifth calendar year which begins after the date such contribution is made,

(iv) an organization which normally receives a substantial part of its support (exclusive of income received in the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 501(c)) from the United States or any State or political subdivision thereof or from direct or indirect contributions from the general public, and which is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of a college or university which is an organization referred to in clause (ii) of this subparagraph and

Sec. 170. Charitable, etc., contributions and gifts.

(a) All.

(1) C

tion any

tion (c) payment of which

which is an agency or instrumentality of a State or political subdivision thereof, or which is owned or operated by a State or political subdivision thereof or by an agency or instrumentality of one or more States or political subdivisions, (v) a governmental unit referred to in subsection (c)(1),

(vi) an organization referred to in subsection (c)(2) which normally receives a substantial part of its support (exclusive of income received in the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 501(a)) from a governmental unit referred to in subsection (c)(1) or from direct or indirect contributions from the general public,

(vii) a private foundation described in subparagraph (E), or

(viii) an organization described in section 509(a)(2) or (3),

shall be allowed to the extent that the aggregate of such contributions does not exceed 50 percent of the taxpayer's contribution base for the taxable year.

(B) Other contributions. Any charitable contribution other than a charitable contribution to which subparagraph (A) applies shall be allowed to the extent that the aggregate of such contributions does not exceed the lesser of—

(i) 30 percent of the taxpayer's contribution base for the taxable year, or

(ii) the excess of 50 percent of the taxpayer's contribution base for the taxable year over the amount of charitable contributions allowable under subparagraph (A) (determined without regard to subparagraph (C)).

If the aggregate of such contributions exceeds the limitation of the preceding sentence, such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution (to which subparagraph (A) does not apply) in each of the 5 succeeding taxable years in order of time.

(C) Special limitation with respect to contributions described in subparagraph (A) of certain capital gain property.

(i) In the case of charitable contributions described in subparagraph (A) of capital gain property to which subsection (e)(1)(B) does not apply, the total amount of contributions of such property which may be taken into account under subsection (a) for any taxable year shall not exceed 30 percent of the taxpayer's contribution base for such year. For purposes of this subsection, contributions of capital gain property to which this subparagraph applies shall be taken into account after all other charitable contributions (other than charitable contributions to which subparagraph (D) applies).

(ii) If charitable contributions described in subparagraph (A) of capital gain property to which clause (i) applies exceeds 30 percent of the taxpayer's contribution base for any taxable year, such excess shall be treated, in a manner consistent with the rules of subsection (d)(1), as a charitable contribution of capital gain property to which clause (i) applies in each of the 5 succeeding taxable years in order of time.

(iii) At the election of the taxpayer (made at

such time and in such manner as the Secretary prescribes by regulations), subsection (e)(1) shall apply to all contributions of capital gain property (to which subsection (e)(1)(B) does not otherwise apply) made by the taxpayer during the taxable year. If such an election is made, clauses (i) and (ii) shall not apply to contributions of capital gain property made during the taxable year, and, in applying subsection (d)(1) for such taxable year with respect to contributions of capital gain property made in any prior contribution year for which an election was not made under this clause, such contributions shall be reduced as if subsection (e)(1) had applied to such contributions in the year in which made.

(iv) For purposes of this subparagraph, the term "capital gain property" means, with respect to any contribution, any capital asset the sale of which at its fair market value at the time of the contribution would have resulted in gain which would have been long-term capital gain. For purposes of the preceding sentence, any property which is property used in the trade or business (as defined in section 1231(b)) shall be treated as a capital asset.

(D) Special limitation with respect to contributions of capital gain property to organizations not described in subparagraph (A).

(i) In general. In the case of charitable contributions (other than charitable contributions to which subparagraph (A) applies) of capital gain property, the total amount of such contributions of such property taken into account under subsection (a) for any taxable year shall not exceed the lesser of—

(I) 20 percent of the taxpayer's contribution base for the taxable year, or

(II) the excess of 30 percent of the taxpayer's contribution base for the taxable year over the amount of the contributions of capital gain property to which subparagraph (C) applies.

For purposes of this subsection, contributions of capital gain property to which this subparagraph applies shall be taken into account after all other charitable contributions.

(ii) Carryover. If the aggregate amount of contributions described in clause (i) exceeds the limitation of clause (i), such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution of capital gain property to which clause (i) applies in each of the 5 succeeding taxable years in order of time.

(E) Certain private foundations. The private foundations referred to in subparagraph (A)(vii) and subsection (e)(1)(B) are—

(i) a private operating foundation (as defined in section 4942(j)(3)),

(ii) any other private foundation (as defined in section 509(a)) which, not later than the 15th day of the third month after the close of the foundation's taxable year in which contributions are received, makes qualifying distributions (as defined in section 4942(g), without regard to paragraph (3) thereof), which are treated, after the application of section 4942(g)(3), as distributions out of corpus (in accordance with section 4942(h)) in an amount equal to 100 percent of such contributions, and with respect to which the taxpayer obtains adequate records or other

sufficient evidence from the foundation showing that the foundation made such qualifying distributions, and

(iii) a private foundation all of the contributions to which are pooled in a common fund and which would be described in section 509(a)(3) but for the right of any substantial contributor (hereafter in this clause called "donor") or his spouse to designate annually the recipients, from among organizations described in paragraph (1) of section 509(a), of the income attributable to the donor's contribution to the fund and to direct (by deed or by will) the payment, to an organization described in such paragraph (1), of the corpus in the common fund attributable to the donor's contribution; but this clause shall apply only if all of the income of the common fund is required to be (and is) distributed to one or more organizations described in such paragraph (1) not later than the 15th day of the third month after the close of the taxable year in which the income is realized by the fund and only if all of the corpus attributable to any donor's contribution to the fund is required to be (and is) distributed to one or more of such organizations not later than one year after his death or after the death of his surviving spouse if she has the right to designate the recipients of such corpus.

(F) Contribution base defined. For purposes of this section, the term "contribution base" means adjusted gross income (computed without regard to any net operating loss carryback to the taxable year under section 172).

(2) Corporations. In the case of a corporation, the total deductions under subsection (a) for any taxable year shall not exceed 10 percent of the taxpayer's taxable income computed without regard to—

- (A) this section,
- (B) part VIII (except section 248),
- (C) any net operating loss carryback to the taxable year under section 172,
- (D) section 922 (special deduction for Western Hemisphere trade corporations), [repealed for tax yrs. begin. after '79] and
- (E) any capital loss carryback to the taxable year under section 1212(a)(1).

(c) Charitable contribution defined.

For purposes of this section, the term "charitable contribution" means a contribution or gift to or for the use of—

- (1) A State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes.
- (2) A corporation, trust, or community chest, fund, or foundation—
 - (A) created or organized in the United States or in any possession thereof, or under the law of the United States, any State, the District of Columbia, or any possession of the United States;
 - (B) organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals,

(C) no part of the net earnings of which inures to the benefit of any private shareholder or individual; and

(D) which is not disqualified for tax exemption under section 501(c)(3) by reason of attempting to influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

A contribution or gift by a corporation to a trust, chest, fund, or foundation shall be deductible by reason of this paragraph only if it is to be used within the United States or any of its possessions exclusively for purposes specified in subparagraph (B). Rules similar to the rules of section 501(j) shall apply for purposes of this paragraph.

(3) A post or organization of war veterans, or an auxiliary unit or society of, or trust or foundation for, any such post or organization—

(A) organized in the United States or any of its possessions, and

(B) no part of the net earnings of which inures to the benefit of any private shareholder or individual.

(4) In the case of a contribution or gift by an individual, a domestic fraternal society, order, or association, operating under the lodge system, but only if such contribution or gift is to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.

(5) A cemetery company owned and operated exclusively for the benefit of its members, or any corporation chartered solely for burial purposes as a cemetery corporation and not permitted by its charter to engage in any business not necessarily incident to that purpose, if such company or corporation is not operated for profit and no part of the net earnings of such company or corporation inures to the benefit of any private shareholder or individual.

For purposes of this section, the term "charitable contribution" also means an amount treated under subsection (g) as paid for the use of an organization described in paragraph (2), (3), or (4).

(d) Carryovers of excess contributions.

(1) Individuals.

(A) In general. In the case of an individual, if the amount of charitable contributions described in subsection (b)(1)(A) (payment of which is made within a taxable year (hereinafter in this paragraph referred to as the "contribution year") exceeds 50 percent of the taxpayer's contribution base for such year, such excess shall be treated as a charitable contribution described in subsection (b)(1)(A) paid in each of the 5 succeeding taxable years in order of time, but, with respect to any such succeeding taxable year, only to the extent of the lesser of the two following amounts:

- (i) the amount by which 50 percent of the taxpayer's contribution base for such succeeding taxable year exceeds the sum of the charitable contributions described in subsection (b)(1)(A) payment of which is made by the taxpayer within such succeeding taxable year (determined without regard to this subparagraph) and the charitable contributions described in subsection (b)(1)(A) payment of which was made in taxable years before the contribution year which are treated under this subparagraph as having been paid in such succeeding taxable year; or

Deductions

arnings of which inures to : shareholder or individual;

qualified for tax exemption by reason of attempting to which does not participate cluding the publishing or ts), any political campaign te for public office.

a corporation to a trust, n shall be deductible by ifly if it is to be used within f its possessions exclusively subparagraph (B). Rules tion 501(j) shall apply for

n of war veterans, or an or trust or foundation for, on—

nitied States or any of its

arnings of which inures to : shareholder or individual. ntribution or gift by an aternal society, order, or er the lodge system, but r gift is to be used exclu- ible, scientific, literary, or r the prevention of cruelty

owned and operated exclu- members, or any corpora- ional purposes as a ceme- rmitted by its charter to necessarily incident to that r corporation is not oper- of the net earnings of such ures to the benefit of any idual.

the term "charitable con- ount treated under subsec- an organization described

ributions.

use of an individual, if the ontributions described in vment of which is made reinaster in this paragraph istribution year") exceeds 50 ontribution base for such e treated as a charitable v)subsection (b)(1)(A) paid ing taxable years in order t to any such succeeding extent of the lesser of the

hich 50 percent of the base for such succeeding he sum of the charitable l in subsection (b)(1)(A) made by the taxpayer taxable year (determined s subparagraph) and the s described in subsection hich was made in taxable istribution year which are aragraph as having been taxable year; or

Deductions

(ii) in the case of the first succeeding taxable year, the amount of such excess, and in the case of the second, third, fourth, or fifth succeeding taxable year, the portion of such excess not treated under this subparagraph as a charitable contribution described in subsection (b)(1)(A) paid in any taxable year intervening between the contribution year and such succeeding taxable year.

(B) Special rule for net operating loss carryovers. In applying subparagraph (A), the excess determined under subparagraph (A) for the contribution year shall be reduced to the extent that such excess reduces taxable income (as computed for purposes of the second sentence of section 172(b)(2)) and increases the net operating loss deduction for a taxable year succeeding the contribution year.

(2) Corporations.

(A) In general. Any contribution made by a corporation in a taxable year (hereinafter in this paragraph referred to as the "contribution year") in excess of the amount deductible for such year under subsection (b)(2) shall be deductible for each of the 5 succeeding taxable years in order of time, but only to the extent of the lesser of the two following amounts: (i) the excess of the maximum amount deductible for such succeeding taxable year under subsection (b)(2) over the sum of the contributions made in such year plus the aggregate of the excess contributions which were made in taxable years before the contribution year and which are deductible under this subparagraph for such succeeding taxable year; or (ii) in the case of the first succeeding taxable year, the amount of such excess contribution, and in the case of the second, third, fourth, or fifth succeeding taxable year, the portion of such excess contribution not deductible under this subparagraph for any taxable year intervening between the contribution year and such succeeding taxable year.

(B) Special rule for net operating loss carryovers. For purposes of subparagraph (A), the excess of—

- (i) the contributions made by a corporation in a taxable year to which this section applies, over
- (ii) the amount deductible in such year under the limitation in subsection (b)(2),

shall be reduced to the extent that such excess reduces taxable income (as computed for purposes of the second sentence of section 172(b)(2)) and increases a net operating loss carryover under section 172 to a succeeding taxable year.

(e) Certain contributions of ordinary income and capital gain property.

(1) General rule. The amount of any charitable contribution of property otherwise taken into account under this section shall be reduced by the sum of—

(A) the amount of gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value (determined at the time of such contribution), and

(B) in the case of a charitable contribution—

- (i) of tangible personal property, if the use by the donee is unrelated to the purpose or function constituting the basis for its exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described in subsection(c)), or
- (ii) to or for the use of a private foundation (as

defined in section 509(a)), other than a private foundation described in subsection (b)(1)(E),

40 percent (²/₄), in the case of a corporation) of the amount of gain which would have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value (determined at the time of such contribution).

For purposes of applying this paragraph (other than in the case of gain to which section 617(d)(1), 1245(a), 1250(a), 1252(a), or 1254(a) applies), property which is property used in the trade or business (as defined in section 1231(b)) shall be treated as a capital asset.

(2) Allocation of basis. For purposes of paragraph (1), in the case of a charitable contribution of less than the taxpayer's entire interest in the property contributed, the taxpayer's adjusted basis in such property shall be allocated between the interest contributed and any interest not contributed in accordance with regulations prescribed by the Secretary.

(3) Special rule for certain contributions of inventory and other property.

(A) Qualified contributions. For purposes of this paragraph, a qualified contribution shall mean a charitable contribution of property described in paragraph (1) or (2) of section 1221, by a corporation (other than a corporation which is an S corporation) to an organization which is described in section 501(c)(3) and is exempt under section 501(a) (other than a private foundation, as defined in section 509(a), which is not an operating foundation, as defined in section 4942(j)(3)), but only if—

(i) the use of the property by the donee is related to the purpose or function constituting the basis for its exemption under section 501 and the property is to be used by the donee solely for the care of the ill, the needy, or infants;

(ii) the property is not transferred by the donee in exchange for money, other property, or services;

(iii) the taxpayer receives from the donee a written statement representing that its use and disposition of the property will be in accordance with the provisions of clauses (i) and (ii); and

(iv) in the case where the property is subject to regulation under the Federal Food, Drug, and Cosmetic Act, as amended, such property must fully satisfy the applicable requirements of such Act and regulations promulgated thereunder on the date of transfer and for one hundred and eighty days prior thereto.

(B) Amount of reduction. The reduction under paragraph (1)(A) for any qualified contribution (as defined in subparagraph (A)) shall be no greater than the sum of—

(i) one-half of the amount computed under paragraph (1)(A) (computed without regard to this paragraph), and

(ii) the amount (if any) by which the charitable contribution deduction under this section for any qualified contribution (computed by taking into account the amount determined in clause (i), but without regard to this clause) exceeds twice the basis of such property.

(C) This paragraph shall not apply to so much of the amount of the gain described in paragraph (1)(A) which would be long-term capital gain but for the application of sections 617, 1245, 1250, or 1252.

TABLE I
General Fund Unrestricted Revenues
(Thousands of Current Dollars)

| <u>Taxes</u> | <u>FY 1965 Actual March</u> | <u>FY 1966 Estimate March</u> | <u>FY 1967 Estimate March</u> | <u>FY 1968 Estimate March</u> |
|-----------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <u>Income</u> | | | | |
| Corporate-General | 36,000 | 20,000 | 20,000 | 20,000 |
| Corporate-Petroleum | 168,600 | 200,000 | 180,000 | 170,000 |
| <u>Gross Receipts</u> | | | | |
| Alaska Business License(1) | 38,800 | 2,000 | 2,000 | 2,000 |
| Fish-Canned Salmon | 5,600 | 5,200 | 5,200 | 5,200 |
| Fish-Shorebased | 8,300 | 9,000 | 9,000 | 9,000 |
| Fish-Floating | 4,800 | 5,000 | 5,000 | 5,000 |
| Seafood Marketing | 1,000 | 1,000 | 1,000 | 1,000 |
| Salmon Enhancement (2) | 2,600 | 4,200 | 4,200 | 4,200 |
| Insurance Companies(3) | 17,500 | 18,000 | 18,000 | 18,000 |
| Electric & Telephone Co-ops | 1,800 | 1,800 | 1,800 | 1,800 |
| Mining License Tax | 300 | 300 | 300 | 400 |
| <u>Severance</u> | | | | |
| Oil & Gas Production (4) | 1,388,700 | 1,114,300 | 770,500 | 533,000 |
| Oil & Gas Conservation | 700 | 700 | 700 | 700 |
| <u>Property</u> | | | | |
| Oil & Gas (5) | 128,400 | 98,500 | 89,000 | 81,000 |
| <u>Sale/Use</u> | | | | |
| Alcoholic Beverages | 13,900 | 13,500 | 13,900 | 13,900 |
| Fuel Taxes-Aviation (6) | 8,000 | 8,000 | 8,000 | 8,000 |
| Fuel Taxes-Highway (6) | 23,700 | 22,500 | 22,500 | 23,000 |
| Fuel Taxes-Marine (6) | 4,300 | 4,600 | 4,700 | 4,700 |
| Tobacco Products (7) | 2,000 | 5,700 | 7,500 | 7,500 |
| <u>Other</u> | | | | |
| Estate | 500 | 600 | 600 | 600 |
| Total Taxes | <u>1,855,500</u> | <u>1,535,700</u> | <u>1,163,900</u> | <u>909,000</u> |
| <u>Licenses & Permits</u> | | | | |
| Business | 11,900 | 12,000 | 12,000 | 12,000 |
| Non-business | 17,000 | 17,500 | 18,300 | 18,300 |
| Total Licenses & Permits | <u>28,900</u> | <u>29,500</u> | <u>30,300</u> | <u>30,300</u> |
| <u>Intergovernmental Receipts</u> | | | | |
| Federal Shared Revenues (8) | <u>10,500</u> | <u>10,000</u> | <u>9,500</u> | <u>9,500</u> |
| <u>State Resource Revenue</u> | | | | |
| <u>Sale/Use</u> | | | | |
| Bonus Sales (8) (9) (10) | 11,500 | 9,600 | -0- | -0- |
| Investment Earnings | 253,500 | 200,000 | 190,000 | 120,000 |
| Rents (8) (9) (10) | 5,100 | 5,500 | 6,000 | 6,000 |
| Royalties (4) (8) | 1,034,000 | 854,700 | 594,900 | 460,900 |
| Sale of State Property | 8,500 | 8,000 | 8,500 | 9,000 |
| Gravel, Timber, etc. (11) | 3,100 | 3,600 | 8,400 | 2,400 |
| <u>Facilities Related Charges</u> | | | | |
| Airports | 1,600 | 1,600 | 1,700 | 1,700 |
| Ferry System-Southeast | 29,600 | 31,100 | 33,300 | 34,000 |
| Ferry System-Southwest | 3,600 | 3,800 | 3,900 | 4,100 |
| Other | 7,900 | 7,900 | 6,800 | 6,600 |

Service Related Charges

| | | | | |
|----------------------------------|--------------------|-----------------------|------------------|------------------|
| Court System | 4,500 | 5,100 | 5,400 | 5,700 |
| Other | 5,200 | 5,000 | 5,000 | 5,000 |
| Total State Resources Revenues | <u>1,346,300</u> | <u>1,135,900</u> | <u>863,900</u> | <u>655,400</u> |
| Miscellaneous Revenues | <u>16,800</u> (12) | <u>10,000</u> | <u>10,000</u> | <u>10,000</u> |
| Total Unrestricted Revenues (13) | <u>3,260,000</u> | <u>2,721,100</u> (14) | <u>2,077,600</u> | <u>1,614,200</u> |

(1) The large amounts in FY 85 are the result of litigation in favor of the State on gross receipts taxes for years prior to 1979. The amounts shown for FY 86, FY 87, and FY 88 do not include any estimate of proceeds from cases which are still in litigation.

(2) The FY 86 and subsequent estimates reflect the approval by the Prince William Sound Aquaculture Corporation to assess a 2% salmon enhancement tax.

(3) The estimate of tax receipts for insurance premiums is subject to a great deal of uncertainty for all years of the forecast period. Unprecedented underwriting losses in the industry, rapidly increasing rates and shortages of coverage in some insurance lines have combined to make the situation extremely volatile. The outlook for the next several years is one of continued instability. Our view, given this situation, is that the approximate level of tax collected in FY 85, represents the best estimate possible given the circumstances.

(4) The January forecast for FY 86 assumed the 30 percent case; however, the FY 86 March estimates have been changed to reflect the mean or average case. The forecasted numbers for FY 87 and FY 88 continue to assume the 30 percent case; however, if the mean case had been utilized for FY 87 and FY 88, the production taxes would change to \$535.6 million and \$746.6 million, respectively. The royalty figures would change to \$724.2 million and \$690.3 million, respectively. All of the forecasted numbers include the estimated TAPS settlement.

(5) The downward revision in the property taxes, net to the State, is due to several factors: (a) the TAPS settlement itself will result in lower future TAPS values, (b) the anticipated inflation factor is 2%, and (c) the North Slope Borough's "Capital Improvements Program (FY 1986-FY 1991)" was recently released by their planning department.

(6) Revenues from the three main categories of fuel tax are shown separately. However, under the provisions of AS 43.40.010(h), all refunds are made from the highway fuel tax account. If gross collections of highway fuel taxes remain constant, an increase in refunds for aviation and marine fuels could lower the net revenues shown for highway fuels. Also, increasing use is being made of tax credits, which can be taken in lieu of claiming a refund on certain non-taxable use of fuel (15 AAC 40.200). The figure does not include actual or estimated revenue for marine fuel tax collections on fuel purchased out-of-state but which is used in Alaska waters. A number of returns for taxes levied on in-state usage are currently in the appeal process and revenues will not be revised upward until that process is completed.

(7) SLA 85, Ch. 24 raised the general fund portion of the cigarette tax from a rate of 1-1/2 mills (\$.0015) to 5-1/2 mills (\$.0055) per cigarette. The Act took effect October 1, 1985.

(8) Net Permanent Fund contribution by Ch. 16 SLA 1980.

(9) Reflects state lease sales of \$33.8 million held May 22, 1984 (Sale 43 and 43A-Beaufort Sea), \$0.8 million held September 18, 1984 (Sale 41-Bristol Bay), \$2.5 million held February 26, 1985 (Sale 46A-Upper Cook Inlet), \$16.3 million held September 24, 1985 (Sale 45A-North Slope Onshore and Sale 47 - Kuparuk Uplands), and \$3.0 million held February 25, 1985 (Sale 48 - Kuparuk Uplands and Sale 48A - Mikkelsen). Due to the timing of collections, some receipts from the May 1984 lease sale are shown as FY 85 revenue. The FY 85 and FY 86 figures represent the General Fund's 50 percent share.

(10) The Department of Natural Resources projects the following FY 86, FY 87, and FY 88 state lease sales: FY 86 (Sale 49 - Cook Inlet); FY 87 (Sale 52 - Beaufort Sea, Sale 52A - Kechelek, Sale 51 - Prudhoe Bay Uplands, Sale 50 - Camden Bay); and FY 88 (Sale 53 - Icy Cape, Sale 46 - Holitna Basin, Sale 54 - Kuparuk Uplands, Sale 62 - Cook Inlet, Sale 55 - Demarcation Point). However, bonus bids are impossible to anticipate prior to sales, and, therefore, no estimates are provided.

(11) Estimates reflect increased construction of roads and drilling pads as projected by the Department of Natural Resources; however, some of these projects may be delayed or changed due to permit denials or environmental impact statement requests.

(12) The FY 85 figure reflects the termination of the Alaska Resources Corporation (ARC). Corporate assets (\$6.2 million) were deposited in the General Fund per Ch. 161, SLA 1984. Additional corporate assets (\$5.6 million) of ARC were received and recorded under a general ledger account (repayment of loans).

(13) The State, per AS 36.05.160, will be granting incentive credits against royalties, severance taxes, and rentals to the oil companies for drilling exploratory wells. The anticipated deduction is approximately \$15.3 million which has not been subtracted from the aforementioned FY 85 figure of \$3,260.0 million and \$0.7 million which has not been subtracted from the aforementioned FY 86 figure of \$2,721.1 million. Additional credits are anticipated in FY 86 and subsequent years.

(14) The FY 86 figure does not include the estimated General Fund portion from refunds and expenses for prior years, relative to the TAPS case. It is assumed that approximately \$210 million will be received during FY 86.

Offered: 5/10/86
Referred: Finance

Original sponsors: Gruenberg, Koponen,
Ringstad, et al

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 688 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act allowing tax credits for contributions to
7 educational institutions."

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

9 * Section 1. PURPOSE. It is the purpose of this Act to provide col-
10 leges and universities with a private source of funding for direct instruc-
11 tion, research, and educational support purposes, including library and
12 museum acquisitions, during this period of declining state revenue.

13 * Sec. 2. AS 43.20 is amended by adding a new section to read:

14 Sec. 43.20.01⁴. INCOME TAX EDUCATION CREDIT. (a) A taxpayer is
15 allowed as a credit against the tax due under this chapter 50 percent
16 of cash contributions accepted for direct instruction, research, and
17 educational support purposes, including library and museum acquisi-
18 tions, by an accredited, nonprofit, public or private, Alaska, two- or
19 four-year, college or university. The credit may not exceed the
20 lesser of 10 percent of the amount of tax due under this chapter or
21 \$10,000. A contribution claimed as a credit under this section may
22 not be claimed as a credit under another provision of this title. A
23 deduction is not allowed under 26 U.S.C. 170, where the credit provid-
24 ed by this section is claimed.

25 (b) Contributions accepted for endowment purposes are not eligi-
26 ble for the credit under (a) of this section.

27 (c) By September 30 of each year, the Department of Revenue
28 shall report to the Legislative Budget and Audit Committee on the
29 credits taken under this section. Each public college and university

1 shall include in its annual operating budget request contributions
2 received and how the contributions were used.

3 * Sec. 3. AS 43.20.036 is amended by adding a new subsection to read:

4 (j) For purposes of calculating the tax payable under this
5 chapter, a deduction under 26 U.S.C. 170 may only be taken if payment
6 is made on or before the last day of the taxable year.

7 * Sec. 4. AS 43.55 is amended by adding a new section to read:

8 Sec. 43.55.019. OIL OR GAS PRODUCER EDUCATION CREDIT. (a) A
9 producer of oil or gas is allowed as a credit against the tax due
10 under this chapter 50 percent of cash contributions accepted for
11 direct instruction, research, and educational support purposes, in-
12 cluding library and museum acquisitions, by an accredited, nonprofit,
13 public or private, Alaska, two- or four-year, college or university.
14 The credit may only be applied against the tax liability accruing
15 during the month the contribution is made. The credit may not exceed
16 the lesser of 10 percent of the amount of tax due under this chapter
17 or \$1,000. A contribution claimed as a credit under this section may
18 not be claimed as a credit under another provision of this title.

19 (b) Contributions accepted for endowment purposes are not eligi-
20 ble for the credit under (a) of this section.

21 (c) By September 30 of each year, the Department of Revenue
22 shall report to the Legislative Budget and Audit Committee on the
23 credits taken under this section. Each public college and university
24 shall include in its annual operating budget request contributions
25 received and how the contributions were used.

26 * Sec. 5. AS 43.56 is amended by adding a new section to read:

27 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The
28 owner of property taxable under this chapter is allowed as a credit
29 against the tax due under this chapter 50 percent of cash

1 contributions accepted for direct instruction, research, and educa-
2 tional support purposes, including library and museum acquisitions, by
3 an accredited, nonprofit, public or private, Alaska, two- or four-
4 year, college or university. The credit may only be applied against
5 the tax liability accruing during the month the contribution is made.
6 The credit may not exceed the lesser of 10 percent of the amount of
7 tax due under this chapter or \$1,000. A contribution claimed as a
8 credit under this section may not be claimed as a credit under another
9 provision of this title.

10 (b) Contributions accepted for endowment purposes are not eligi-
11 ble for the credit under (a) of this section.

12 (c) By September 30 of each year, the Department of Revenue
13 shall report to the Legislative Budget and Audit Committee on the
14 credits taken under this section. Each public college and university
15 shall include in its annual operating budget request contributions
16 received and how the contributions were used.

17 * Sec. 6. AS 43.65 is amended by adding a new section to read:

18 Sec. 43.65.018. MINING BUSINESS EDUCATION CREDIT. (a) A person
19 engaged in the business of mining in the state is allowed as a credit
20 against the tax due under this chapter 50 percent of cash contribu-
21 tions accepted for direct instruction, research, and educational
22 support purposes, including library and museum acquisitions, by an
23 accredited, nonprofit, public or private, Alaska, two- or four-year,
24 college or university. The credit may not exceed the lesser of 10
25 percent of the amount of tax due under this chapter or \$10,000. A
26 contribution claimed as a credit under this section may not be claimed
27 as a credit under another provision of this title.

28 (b) Contributions accepted for endowment purposes are not eligi-
29 ble for the credit under (a) of this section.

1 (c) By September 30 of each year, the Department of Revenue
2 shall report to the Legislative Budget and Audit Committee on the
3 credits taken under this section. Each public college and university
4 shall include in its annual operating budget request contributions
5 received and how the contributions were used.

6 * Sec. 7. AS 43.75 is amended by adding a new section to read:

7 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
8 person engaged in a fisheries business is allowed as a credit against
9 the tax due under this chapter 50 percent of cash contributions ac-
10 cepted for direct instruction, research, and educational support
11 purposes, including library and museum acquisitions, by an accredited,
12 nonprofit, public or private, Alaska, two- or four-year, college or
13 university. The credit may not exceed the lesser of 10 percent of the
14 amount of tax due under this chapter or \$10,000. A contribution
15 claimed as a credit under this section may not be claimed as a credit
16 under another provision of this title.

17 (b) Contributions accepted for endowment purposes are not eligi-
18 ble for the credit under (a) of this section.

19 (c) By September 30 of each year, the Department of Revenue
20 shall report to the Legislative Budget and Audit Committee on the
21 credits taken under this section. Each public college and university
22 shall include in its annual operating budget request contributions
23 received and how the contributions were used.

24 * Sec. 8. AS 43.75.130 is amended by adding a new subsection to read:

25 (b) In this section, "tax revenue collected" includes the amount
26 credited against taxes under AS 43.75.018.

27 * Sec. 9. The provisions of this Act apply to contributions made after
28 December 31, 1986.

Offered: 4/25/86
Referred: Rules

Original sponsors: Gruenberg, Koponen,
Ringstad, et al

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 688 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act allowing tax credits for contributions to
7 educational institutions."

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

9 * Section 1. PURPOSE. It is the purpose of this Act to provide col-
10 leges and universities with a private source of funding for direct instruc-
11 tion and instructional support purposes during this period of declining
12 state revenue.

13 * Sec. 2. INTENT. It is the intent of the legislature that contri-
14 butions received by a public college or university under this Act may be
15 offset by the legislature in appropriations to the public college or uni-
16 versity in future years.

17 * Sec. 3. AS 43.20 is amended by adding a new section to read:

18 Sec. 43.20.014. INCOME TAX EDUCATION CREDIT. (a) A taxpayer is
19 allowed as a credit against the tax due under this chapter 50 percent
20 of cash contributions accepted for direct instruction and instruction-
21 al support purposes by an accredited, nonprofit, public or private,
22 Alaska, two- or four-year, college or university. The credit may not
23 exceed the lesser of 10 percent of the amount of tax due under this
24 chapter or \$10,000. A contribution claimed as a credit under this
25 section may not be claimed as a credit under another provision of this
26 title. A deduction is not allowed under 26 U.S.C. 170, where the
27 credit provided by this section is claimed.

28 (b) A public college or university that accepts a contribution
29 under this section may only spend the cash received for direct

1 instruction and instructional support purposes, and must spend the
2 amount within one year of receiving it. The cash received may not be
3 put in an endowment.

4 (c) By September 30 of each year each public college or
5 university shall report to the Legislative Budget and Audit Committee
6 the contributions received under this section and how the
7 contributions were spent.

8 * Sec. 4. AS 43.20.036 is amended by adding a new subsection to read:

9 (j) For purposes of calculating the tax payable under this
10 chapter, a deduction under 26 U.S.C. 170 may only be taken if payment
11 is made on or before the last day of the taxable year.

12 * Sec. 5. AS 43.31 is amended by adding a new section to read:

13 Sec. 43.31.014. ESTATE EDUCATION CREDIT. (a) The estate of a
14 person who was a resident at the time of death, is allowed as a credit
15 against the tax due under this chapter 50 percent of cash bequests
16 accepted for direct instruction and instructional support purposes by
17 an accredited, nonprofit, public or private, Alaska, two- or four-
18 year, college or university. The credit may not exceed the lesser of
19 10 percent of the amount of tax due under this chapter or \$10,000. A
20 contribution claimed as a credit under this section may not be claimed
21 as a credit under another provision of this title.

22 (b) By September 30 of each year each public college or
23 university shall report to the Legislative Budget and Audit Committee
24 the contributions received under this section and how the
25 contributions were spent.

26 * Sec. 6. AS 43.55 is amended by adding a new section to read:

27 Sec. 43.55.019. OIL OR GAS PRODUCER EDUCATION CREDIT. (a) A
28 producer of oil or gas is allowed as a credit against the tax due
29 under this chapter 50 percent of cash contributions accepted for

1 direct instruction and instructional support purposes by an accredit-
2 ed, nonprofit, public or private, Alaska, two- or four-year, college
3 or university. The credit may only be applied against the tax liabil-
4 ity accruing during the month the contribution is made. The credit
5 may not exceed the lesser of 10 percent of the amount of tax due under
6 this chapter or \$1,000. A contribution claimed as a credit under this
7 section may not be claimed as a credit under another provision of this
8 title.

9 (b) A public college or university that accepts a contribution
10 under this section may only spend the cash received for direct in-
11 struction and instructional support purposes, and must spend the
12 amount within one year of receiving it. The cash received may not be
13 put in an endowment.

14 (c) By September 30 of each year each public college or
15 university shall report to the Legislative Budget and Audit Committee
16 the contributions received under this section and how the
17 contributions were spent.

18 * Sec. 7. AS 43.56 is amended by adding a new section to read:

19 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The
20 owner of property taxable under this chapter is allowed as a credit
21 against the tax due under this chapter 50 percent of cash contribu-
22 tions accepted for direct instruction and instructional support pur-
23 poses by an accredited, nonprofit, public or private, Alaska, two- or
24 four-year, college or university. The credit may only be applied
25 against the tax liability accruing during the month the contribution
26 is made. The credit may not exceed the lesser of 10 percent of the
27 amount of tax due under this chapter or \$1,000. A contribution
28 claimed as a credit under this section may not be claimed as a credit
29 under another provision of this title.

1 (b) A public college or university that accepts a contribution
2 under this section may only spend the cash received for direct in-
3 struction and instructional support purposes, and must spend the
4 amount within one year of receiving it. The cash received may not be
5 put in an endowment.

6 (c) By September 30 of each year each public college or
7 university shall report to the Legislative Budget and Audit Committee
8 the contributions received under this section and how the
9 contributions were spent.

10 * Sec. 8. AS 43.65 is amended by adding a new section to read:

11 Sec. 43.65.018. MINING BUSINESS EDUCATION CREDIT. (a) A person
12 engaged in the business of mining in the state is allowed as a credit
13 against the tax due under this chapter 50 percent of cash contribu-
14 tions accepted for direct instruction and instructional support pur-
15 poses by an accredited, nonprofit, public or private, Alaska, two- or
16 four-year, college or university. The credit may not exceed the
17 lesser of 10 percent of the amount of tax due under this chapter or
18 \$10,000. A contribution claimed as a credit under this section may
19 not be claimed as a credit under another provision of this title.

20 (b) A public college or university that accepts a contribution
21 under this section may only spend the cash received for direct in-
22 struction and instructional support purposes, and must spend the
23 amount within one year of receiving it. The cash received may not be
24 put in an endowment.

25 (c) By September 30 of each year each public college or
26 university shall report to the Legislative Budget and Audit Committee
27 the contributions received under this section and how the
28 contributions were spent.

29 * Sec. 9. AS 43.75 is amended by adding a new section to read:

1 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
2 person engaged in a fisheries business is allowed as a credit against
3 the tax due under this chapter 50 percent of cash contributions ac-
4 cepted for direct instruction and instructional support purposes by an
5 accredited, nonprofit, public or private, Alaska, two- or four-year,
6 college or university. The credit may not exceed the lesser of 10
7 percent of the amount of tax due under this chapter or \$10,000. A
8 contribution claimed as a credit under this section may not be claimed
9 as a credit under another provision of this title.

10 (b) A public college or university that accepts a contribution
11 under this section may only spend the cash received for direct in-
12 struction and instructional support purposes, and must spend the
13 amount within one year of receiving it. The cash received may not be
14 put in an endowment.

15 (c) By September 30 of each year each public college or
16 university shall report to the Legislative Budget and Audit Committee
17 the contributions received and how the contributions were spent.

18 * Sec. 10. AS 43.75.130 is amended by adding a new subsection to read:

19 (b) In this section, "tax revenue collected" includes the amount
20 credited against taxes under AS 43.75.018.

21 * Sec. 11. The provisions of this Act apply to contributions made after
22 December 31, 1986.

HOUSE
COMMITTEE REPORT

(11)

Date referred: 3/21/86

FURTHER REFERRALS:

DATE: 4-2-86

The FINANCE Committee has considered HB 689

"An Act relating to motor vehicles."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 689 (Two) same title
- new title

and recommends DO PASS

further referral to the _____ Committee

and attaches:

- letter of intent
- first fiscal note
- new fiscal note
- zero fiscal note 4/2/86 - Pub. Safety

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Albert P. Leder
John P. ...
Mike Szumanski
James ...
Ronald J. ...
Pat Furches
Mike ...
John ...
John ...
John ...

Albert P. Leder
Chairman

Offered: 3/21/86
Referred: Finance

Original sponsor: Cotten

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE
2 CS FOR HOUSE BILL NO. 689 (Judiciary)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to required equipment on and the
7 transportation of certain loads by, motor vehicles."

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

9 * Section 1. AS 28.35 is amended by adding new sections to read:

10 Sec. 28.35.251. CONTAINED OR CONFINED LOADS. (a) A person may
11 not drive a motor vehicle loaded with sand, gravel, rock, or similar
12 materials on a highway unless

13 (1) the load is contained or confined to prevent the load
14 from dropping, shifting, leaking, or escaping, except that sand or
15 other substances may be dropped, sprinkled, or sprayed for the purpose
16 of cleaning or maintaining the highway or providing traction; and

17 (2) the load is subjected to treatment by methods, approved
18 by the commissioner by regulation, designed to settle the load or
19 remove loose material before the vehicle is driven on the highway.

20 (b) If a cover is used to contain or confine a load being driven
21 on a highway, the cover shall be securely fastened to prevent the
22 cover from becoming loose or detached, or from being a hazard to other
23 users of the highway.

24 Sec. 28.35.253. ANTI-SPRAY DEVICES REQUIRED. A person may not
25 drive a motor vehicle on a highway unless the vehicle is equipped with
26 fenders, mud flaps, or other anti-spray devices adequate to prevent
27 the vehicle from being a hazard to other users of the highway.

28 Sec. 28.35.255. PENALTY. A person convicted of violating
29 AS 28.35.251 or 28.35.253 is guilty of an infraction.

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : CSHB 689 (Jud)
 Title : "An Act relating to motor vehicles."
 Sponsor : Rep. Cotten
 Requestor : House Finance
 Date of Request : 4/02/86

FISCAL DETAIL

Agency Affected : Public Safety
 BRU : Alaska State Troopers
 Components : Detachments and CIB

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|---|---|---|---|---|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | 0 | 0 | 0 | 0 | 0 |

POSITIONS :

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

No fiscal impact is anticipated.

Prepared by: Kathy Niles, Admin Assistant Phone: 465-4336
 Division: Commissioner's Office Date: 4/2/86

Approved by Commissioner: [Signature] Date: 4/2/86
 Agency: Public Safety

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER - CSHB 689 (Jud)

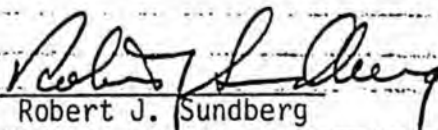
Support

April 2, 1986

CSHB 689 (Jud) - "An Act relating to required equipment on and the transportation of certain loads by motor vehicles."

Our interpretation of this legislation is that it is an attempt to prevent damage often caused to private vehicles from gravel, rocks and like items falling from uncovered commercial vehicle loads.

The new provisions provided by this statute will be enforced during our current patrol activities. While no additional enforcement effort is anticipated, this statute will add strength to the current provisions.


Robert J. Sundberg

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. HB689 (SUD)
 Title : "An Act relating to motor vehicles."

 Sponsor : Rep. Cotten
 Requestor : H. Transportation
 Date of Request : _____

FISCAL DETAIL

Agency Affected : Public Safety
 BRU : Alaska State Troopers

 Components : Detachments and CIR

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|---|---|---|---|---|---|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS :

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

No fiscal impact is anticipated.

Prepared by : Francis C. Allan *F.C.A.* Phone : 269-5691
 Division : Alaska State Troopers Date : 2/25/86

Approved by Commissioner : William J. Sundberg Date : 2-27-86
 Agency : Public Safety

Distribution (by Agency preparing fiscal note) :
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

H B 689

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER

Support

February 25, 1986

HB689 - "An Act relating to motor vehicles."

Our interpretation of this legislation is that it is an attempt to prevent damage often caused to private vehicles from gravel, rocks and like items falling from uncovered commercial vehicle loads.

The new provisions provided by this statute will be enforced during our current patrol activities. While no additional enforcement effort is anticipated, this statute will add strength to the current provisions.


Robert J. Sundberg
Commissioner

MEMORANDUM

State of Alaska

to: Major Walter J. Gilmore
Field Enforcement Commander
Alaska State Troopers

DATE: 5/20/85

FILE NO:

TELEPHONE NO: 745-5258

from: Captain Terry McConnaughey
Commander, B Detachment
Alaska State Troopers

SUBJECT: Bail Schedule -
Karla L. Forsythe Letter

I would like to take this opportunity to offer the following comments on the letter from Karla Forsythe, re: uncovered loads.

The letter addresses the use of 13 AAC 02.530(d) and possible bail schedule modification as an enforcement tool for uncovered loads and is in error in several areas.

The majority of the complaints generated from the public are as a direct result of property damage (broken windshields, etc.) caused by gravel trucks, and the victim's inability to identify the responsible person or collect just compensation.

As it stands now, the State had no regulation requiring that gravel loads be covered or tarped; instead, a vehicle that spills a load is usually cited under 17 AAC 25.040(a) or (b) with a bail of \$50.00.

Representative Cotten's concerns are certainly valid, the penalties are not sufficient for the offense, especially considering the safety hazard, property damage, and inconvenience cause to the general public. The entire traffic regulations and bail schedule are in dire need of revision. As you know, we no longer have any commercial vehicle regulations. all enforcement tools expired with the Alaska Transportation Commission, making many needed enforcement areas impossible.

I think that a mandatory court appearance for violations of 13 AAC 02.530(d) or 17 AAC 25.040(a) or (b) will do very little to correct the problem at hand, as the magistrates generally hesitate to convict and levy substantial fines. For example, recently a Palmer magistrate reduced a statutorily mandated fine after a conviction on an overloaded commercial vehicle from over \$2,000.00 to \$150.00. I also believe that a law requiring tarps on gravel loads would be counter-productive, that the flapping tarps could very well aggravate the problem. The timing issue causing the complaints and problems are not coming from the tarp or loads in most cases. They are instead being released from worn gears, broken off of under-carriages, rails, and spread and propelled by prevailing wind.

Major Walter Gilmour
Karla Forsythe letter
5/20/85
Page 2

AS

To correct this problem that has been causing Representative Cotten's constituents to complain, the law need a complete revision in the area dealing with anti-spray devices (fenders and flaps), unsafe vehicles, failure to contain loads, etc.

TM:kf

cc: Trooper Bud Dial
Trooper Mark Troutman

MEMORANDUM

State of Alaska

TO: Col. Michael C. Kolivosky
Director

DATE: January 27, 1986

FILE NO:

TELEPHONE NO:

FROM: Capt. T. McConnaughey *T.MC*
Commander, B Detachment

SUBJECT: B.V.E. Statistics
1/1/85-1/1/86

During the calendar year 1985, B Detachment, in cooperation with APD, formed the AST/APD Metro Truck Team for BVE Enforcement in the Anchorage bowl area, Palmer, Wasilla, Girdwood and Portage areas. The statistics are as follows:

| | | |
|-----|-------------------------------------|-------------|
| 1. | Trucks weighed | 609 |
| 2. | Trucks measured | 83 |
| 3. | Trucks off loaded | 27 |
| 4. | Trucks out of service | 364 |
| 5. | Citations for overweight | 357 |
| 6. | Citations for oversize | 7 |
| 7. | Citations-other violations | 1103 |
| 8. | Equipment compliance checks | 317 |
| 9. | Pounds overweight | : 2,016,544 |
| | (at 5 cents a pound = \$100,827.20) | |
| 10. | Hours portable scales | 458 |

The AST/APD Metro Truck Unit was formed and put into operation in March, 1985, and was taken out of operation in September of 1985, reallocation of manpower necessitated B Detachment's discontinuance in the program. During the time of the program it did very well as indicated by the statistics.

In August 1985, the Glenn inbound scale went out of service and still is to this date, (1/24/86). The AST/APD Metro Unit was the only enforcement/weighing authority for truck traffic coming into the Anchorage area on the Glenn Highway from the north.

TM/sjm

cc: Major Walter J. Gilmour

Attachments: Yearly Statistic Form



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y. State Capitol
Juneau, Alaska 99811
(907) 465-3991

March 7, 1986

MEMORANDUM

TO: Representative Sam Cotten

FROM: Jay Livey *JL*
Legislative Analyst

RE: Other States Regulations Concerning the Transportation of
Loose Fill Material
Research Request 86-124

You asked that we provide you with a summary of how other states regulate the operation of gravel trucks, particularly with regard to the covering of loads. The American Automobile Association (AAA) is providing us with a summary of state motor carrier laws compiled by the Canvas Products Association International. We will forward a copy of this summary to you upon its receipt.

Mr. Tom Kube of the AAA noted that this summary groups state laws relating to the transportation of loose fill material into several categories, the strictest of which includes states that require loads to be covered in most instances. Mr. Kube identified eight states that were assigned to this category: Florida, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, New Hampshire and New York.

Florida and New Hampshire require all loads of loose fill to be covered in all circumstances. Mississippi, New York and Michigan require the load to be covered if the load is less than six inches below the top of the sides, front and back of the truck bed. Massachusetts law requires the load to be covered if it is not loaded in a way to prevent it from escaping. Nebraska requires a load to be covered if the material protrudes above the truck sides and Missouri requires a cover if the load can reasonably be expected to blow out of the truck. Copies of statutes from these states are attached.

We also contacted the motor carrier regulatory agencies of several states. Wyoming, Vermont and Pennsylvania all require loose fill loads to be loaded so that they do not spill out of the truck. If a cover is necessary to assure this, the driver will be cited if a cover is not used and the load spills. Tennessee requires a load to be covered if the top of the load is within four inches from the top of the truck sides. Colorado, Montana, Iowa, California and Arizona have laws that

Representative Cotten
March 7, 1986
Page Two

allow peace officers to cite drivers if a spill occurs, but there are no requirements that the load be covered.

Enforcement within these states varies, although generally, any peace officer with the authority to enforce state laws can issue citations if material is spilled on the road. Enforcement officers of several states noted that laws directed toward spills on the roadway are not very effective in controlling material blowing out of a truck unless the quantity of material lost is significant. Most of the states we contacted also had vehicle inspection programs which periodically checked commercial trucks for safety hazards. This inspection includes mudflaps, tailgates and truck beds which can all cause loose fill loads to fly off the truck if in disrepair.

We have also attached a copy of House Research Memorandum 84-116, "Hazardous Debris from Commercial Vehicles."

I hope this information will be helpful. If you require additional information, please contact us.

JL

Attachments



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y. State Capitol
Juneau, Alaska 99811
(907) 463-3991

May 25, 1984

MEMORANDUM

TO: Representative Barbara Lacher
FROM: Gretchen *G. Keiser*, Legislative Analyst
RE: Hazardous Debris from Commercial Vehicles
Research Request No. 84-116

Ann Plunkett of your staff requested this agency to investigate options for reducing the hazard of debris and construction materials, particularly gravel, which fly off commercial vehicles traveling on Alaska's roads. We were also asked to consider the practicality of enforcing the various options presented.

In summary, options for minimizing the problem of debris/gravel flying off commercial vehicles appear to be rather straightforward. As practical solutions, the truck driver can: 1) ensure that the truck is properly loaded; 2) secure the load in the bed of the truck; 3) ensure that tailgates, or bottom gates in the case of belly dump gravel trucks, are properly functioning and engaged; 4) clear the ledge around the bed of the truck; and 5) maintain proper anti-spray devices, or "mud flaps", behind the rear wheels. Furthermore, officials could increase enforcement of existing laws and regulations which address several of the above measures; however, this would likely divert enforcement effort from other priorities. Finally, the driver of a vehicle following the truck can: 1) allow for a greater distance between vehicles; and 2) seek compensation from the truck owner for damages caused by flying debris.

Truck Operator Measures

The uncontrolled release of gravel from a truck while in transit stems primarily from loose gravel falling off the ledges, spinning-off the top of the load in the bed, or leaking from partially sprung tailgates or bottomgates which no longer engage properly. In addition, gravel entrained in the tire treads can be sprayed toward the rear if the truck is not equipped with mud flaps. Making sure that a truck is not overloaded and cleaning the rig at the pit are reasonable measures to pursue. According to Bill Synder of the Association of General Contractors (AGC), AGC is aware of the problem and has conducted an educational campaign this spring in its weekly bulletin to its members urging

Representative Lacher
May 25, 1984
Page 3

Safety Hazard Program by the Alaska Transportation Commission, the weigh station inspectors can pull over vehicles until the condition is corrected.¹ Mr. Aves Thompson, Chief of Permits and Weigh Stations in DCED, interpreted a sprung tailgate or bottomgate on a gravel truck as an unsecured load that would be a violation covered under this program. Mr. Thompson stated that he receives complaints regarding the gravel hazard. His division recently cooperated with the State Troopers in an inspection operation between Palmer and Anchorage. The Troopers used the weigh station for inspection of trucks and noted problems with tailgates and gravel on ledges. In general, the State Troopers enforce the vehicle laws and regulations as much as they are able during their highway patrols, given their staffing and other responsibilities of higher priority.²

The Department of Environmental Conservation (DEC) has anti-littering enforcement authority under the Recycling and Reduction of Litter Law (AS 46.06; attached).³ DEC routinely applies the secured load provision of the law in the issuance of warnings and citations to drivers of trucks carrying loads of construction material scraps [AS 46.06.080(b)]. However, the statute is somewhat ambiguous with respect to gravel loads because it exempts "mining products" from the secured load provision but fails to define mining products. DEC has not sought a legal opinion on this point. The department has focused primarily on the problem of litter in its common form (i.e., refuse) and has chosen not to enforce the gravel situation because of the ambiguity.

To our knowledge, the Municipality of Anchorage is the only local government to address the litter/debris situation with a local ordinance.⁴ The "covered load ordinance" enacted in the fall of 1983 has been very successful in tackling the problem of unsecured loads

¹CSSB 491 would give the department the authority to issue citations under AS 45.75.130. The bill is awaiting action in the House Labor and Commerce Committee.

²1st Sergeant Young, Alaska State Troopers Headquarters, Anchorage. Personal Communication, May 23, 1984.

³A bill (CSSB 500) to extend the litter law, which terminates on July 1, 1984, is currently in House Rules awaiting scheduling for floor action.

⁴The Fairbanks North Star Borough Assembly is considering a revision to its solid waste ordinance which would require covered or secured loads.

Introduced: 2/17/86
Referred: Transportation
Judiciary and Finance

1 IN THE HOUSE

BY COTTEN

2

HOUSE BILL NO. 689

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to motor vehicles."

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

8 * Section 1. AS 28.35 is amended by adding a new section to read:

9 Sec. 28.35.165. MOTOR VEHICLE OPERATING RESTRICTIONS. (a) A
10 person may not drive a loaded motor vehicle on a highway unless

11 (1) the load is contained or confined to prevent the load
12 from dropping, shifting, leaking, or escaping, except that sand may be
13 dropped for the purpose of securing traction, and water or another
14 substance may be sprinkled in cleaning or maintaining a roadway;

15 (2) a cover used to contain or confine the load is securely
16 fastened to prevent the cover from becoming loose or detached, or
17 being a hazard to other users of the highway;

18 (3) a load consisting of gravel, sand, or other loose
19 material is subjected to treatment by methods, approved by the commis-
20 sioner by regulation, designed to settle the load or remove loose
21 material before the vehicle is driven on the highway.

22 (b) A person may not drive a motor vehicle on a highway unless
23 the vehicle is equipped with fenders, mud flaps, or other anti-spray
24 devices adequate to prevent the vehicle from being a hazard to other
25 users of the highway.

26 (c) A person charged with violating this section shall appear in
27 court to enter a plea to the offense. A person convicted of violating
28 this section may be punished by a fine of not more than \$500.

STATE OF ALASKA

THE LEGISLATURE

1984

Source

HCR 56

Legislative
Resolve No.

56



Relating to appropriations for program receipts.

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

WHEREAS Article IX, sec. 13, of the state constitution provides that no money shall be withdrawn from the treasury except in accordance with appropriations made by law; and

WHEREAS Article IX, sec. 7, of the state constitution provides that the proceeds of any state tax or license shall not be dedicated to any special purpose except as required by the constitution for the Alaska permanent fund or when required to participate in federal programs; and

WHEREAS an opinion of the Alaska Attorney General of January 12, 1984, questions the practice of labeling certain funds in the state budget "program receipts" to indicate that the funds are being appropriated from a funding source other than the general fund; and

WHEREAS there has been an extraordinary increase in the last several years in funds in the state budget that are shown as being appropriated from funding sources other than the general fund; and

WHEREAS the legislature finds no statutory basis for appropriating many of these funds as anything other than appropriations from the general fund;

BE IT RESOLVED by the Alaska State Legislature that the Governor is respectfully requested to instruct the Office of Management and Budget, division of budget review, to prepare the fiscal year 1986 state operating and capital budgets to indicate as appropriations from the general fund those funds which, in the opinion of the Attorney General, have no legal basis under the

**POSITION PAPER
CSHB 696 (Fin.)**

This bill gives the Department the authority in three major areas, 1) to charge for fees for certain services, 2) to lift the cap in fees which can be collected by some grantees, and 3) to formalize the collection of revenues i.e. third party payments as program receipts for relevant program purposes.

The Department supports the passage of CSHB 696. Currently, DHSS does not possess any significant authority to collect fees for direct services. In many cases, the public using these services have expressed a willingness to pay fees such as with public health services, however the department has no authority to accept donations or fees. Imposition of reasonable fees based on an income schedule should ensure that no one will be denied services, at the same time generating revenue from those who are willing and or can afford to pay.

Secondly, the department collects over \$3 million in third party payments. Traditionally, the Department has captured a small fraction of those funds as restricted or program receipts. However, recently the Department has moved more aggressively to capture these funds to offset program costs, as demonstrated in the FY 87 budget. If and when collection of reimbursements or fees can be tied to program budgets, it provides the necessary incentive for staff to pursue aggressive and timely collection.

This bill generates \$3.2 million for the Department in FY 87. Most importantly, of this amount \$390,000 in general fund has been extracted from the Department's FY 87 budget (House version) in anticipation that fees for certain programs will be established and revenues will be generated. Generation of those revenues will not be possible without the statutory provisions contained in CSHB 696.

The following is an analysis of relevant DHSS sections:

Section 62

Sec. 44.29.022(a)(b)(c) gives the Department the authority to establish a fee schedule by regulation to charge for direct services. Programs included in this section are public health and laboratory services, foster care, institutional care, mental health services, and persons with handicaps. It is important to note that this section offers several safeguards against excessive fees in that the fee schedule must be reasonable, cannot exceed the actual cost of providing the service and may be waived if collection is not economically feasible or in the public's interest. The regulatory hearing process provides the public with the opportunity to comment whether the schedules meet the tests outlined above.

Section 44.29.024(a)(b)(c) gives the Department the authority to establish a reasonable fee schedule for services provided by departmental grantees or contractors under A.S. Chapters 18 and 47.

CSHB 696 (Fin.)
Page 2

This provision provides for consistency between services which may be provided both by the department directly and by contractors. For instance, public health services in Fairbanks are provided directly by the State through the Fairbanks Health Center and in Anchorage those services are delivered by a contract with the Municipality of Anchorage.

The Municipality Health Center currently charges fees for certain services, and this provision would formalize their authority to do so. The fees collected would not be collected by the State but would be used by contractors or grantees for the program DHSS has procured.

Section 81 and 83

This section mandates the court to consider imposing a fee on the parent or legal guardian for the maintenance and care of a child in the State's custody in accordance with an established fee schedule. Currently the court may order parents whose children have been placed in institutional or foster care to contribute toward the cost of their care. This provision would ensure that in each case a determination of fees is made, even if the fee prescribed is zero. This section would also ensure that the current collection mechanism utilized by the court through the Child Support Enforcement Agency be used. CSEA collected \$275,000 through this mechanism in FY 85. DHSS has proposed in FY 87 to claim \$375,000 to offset increased program costs of foster care. This amount is expected to grow if the court were more aggressive in ordering payment for youth placed in institutions, residential care or foster care.

Section 82

This section amends 47.10.120 by adding a subsection (d) which further clarifies subsection (c). Subsection (c) stipulates that the funds collected from parents under this section should be credited to the general fund. Subsection (a) prescribes that, as with other sections in the bill, the funds may be used by the Legislature to offset program costs.

Sections 84 and 85

These sections are technical changes recommended by the Revisor of Statutes and, or necessary for definition purposes.

Section 86

Subsection (b) ensures that collections made by CSEA under Section 83 (47.10.230 - 260) may be used by the Legislature to make appropriations for programs under that section. As mentioned previously, the Department is proposing in the FY 87 budget to capture \$375,000 to offset increased foster care program costs.

Subsection (b) also formalizes the current capture of revenues to offset AFDC program costs (A.S. 47.25.310 - 420). Currently, CSEA collects

CSHB 696
Page 3

child support payments from parents whose dependents are on AFDC and returns those funds on a 50/50 basis to the federal government and the State general fund. It is presumed that these child support payments if paid directly to the family would offset the need for AFDC, therefore it is reasonable to claim these revenues as program receipts to offset AFDC caseload costs. The Department has claimed \$950,000 in receipts this year; it is anticipated that that amount could be increased as enforcement becomes more sophisticated and as the population grows.

Section 88

This section formalizes the ability of the department to capture third party reimbursements from patients at the Alaska Psychiatric Institute to offset the costs of providing care. Currently API collects several million in third party payments from a variety of insurers.

Sections 89, 90, and 94

These sections lift the existing \$50 per month cap on the amount of funds an individual, parent or guardian may be required to pay toward the charges for the care, treatment and transportation in connection with treatment of the person with a handicap. The cap is replaced with a fee schedule which must consider many mitigating factors relating to the ability to pay. In no case can the fee exceed the actual cost of the service, or for a person under 18 the lesser of the actual cost or the cost of caring for a child without handicap at home.

Section 91

This is a technical change replacing "state treasury" with "general fund."

Section 92

This section rehabilitates existing statutory language which failed to recognize handicapped persons themselves as a responsible party.

Section 93

This section is similar to section 88 in that it authorizes the Legislature to apply fees and third party payments collected at Harborview to program costs.

The Department requests the following addition to CSHB 696, Section 62.

Section 44.29.022(b). The Commissioner of Health and Social Services may establish by regulation and the Department may charge reasonable fees for Department publications and research data to cover the costs of reproduction, printing, mailing and distribution.

CSHB 696
Page 4

Amend CSHB 696, Section 44.29.022(b) to (c) and to read: The Department of Health and Social Services shall charge and collect the fees under (a) and (b) of this section....(etc.)

Recommended by: *Karen Perdue*
Karen Perdue
Assistant Commissioner
for Administration

Date: 4/28/86

Approved by: *K. Perdue Jr*
John R. Pugh
Commissioner

Date: 4/28/86

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

FISCAL DETAIL

Bill/Resolution No. : CS HB 696 (Finance)
 Title : An Act relating to the financial administration of State government; the provision of and charges for state services
 Sponsor : House Finance (Rules/Governor:orig)
 Requestor : House Finance
 Date of Request : 4/28/86

Agency Affected : Health & Social Services
 BRU : Various
 Components : Various

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|------------------------|-------|-------|----------------|----------------|----------------|----------------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | (120.0) | (120.0) | (120.0) | (120.0) |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | | | (120.0) | (120.0) | (120.0) | (120.0) |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--------|--------|--------|--------|
| REVENUE | | | 3240.1 | 3353.5 | 3470.8 | 3592.3 |
|---------|--|--|--------|--------|--------|--------|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|--|----------------|----------------|----------------|----------------|
| GENERAL FUND | | | (120.0) | (120.0) | (120.0) | (120.0) |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | (120.0) | (120.0) | (120.0) | (120.0) |

POSITIONS :

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : Attach a separate page if necessary

See Attached

Prepared by : Joanne C. Clark JCC Phone : 465-3082
 Division : Budget & Finance Date : 4/28/86

Approved by Commissioner : Karen Purdie, ASST Comm Date : 4/28/86
 Agency : Dept. of Health & Social Services

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

- - FY87 - -

In FY87, the following are built into the budget:

State Health Services BRU, Nursing component (section 62)

100.0 program receipts

State Health Services BRU, Laboratories component (section 62)

170.0 program receipts

Institutions & Administration BRU, Alaska Psychiatric Institute component (section 88)

1448.4 program receipts (247.6 of this is for staffing in order to become recertified and will only be realized if the institution does become recertified.)

Child and Youth Custody BRU, Foster Care & Residential Child Care components (section 81, 86)

375.0 program receipts (Foster Care)

Assistance Payments BRU, AFDC component (section 86)

950.0 program receipts

Developmental Disabilities Grants BRU, Community D.D. Grants component (section 89)

120.0 reduction in expenditure authorization (due to the fact that grantees will be able to offset grant reductions by collecting fees) [House budget only]

Note: If CS HB 696 (Finance) does not pass, the department will be short of funds for programs, as the projected receipts are built into the FY87 budget.

FY87 total program receipts: 3043.4

FY87 expenditure authorization reduction: 120.0

- - FY88 and beyond - -

The FY87 program receipt amounts for FY87 were inflated 3.5% per year for the following components:

Nursing
Laboratories
Alaska Psychiatric Institute (assuming recertification is achieved)
AFDC

The 120.0 expenditure authorization reduction in the Community Developmental Disabilities Grants component was held constant for FY88 and beyond.

The Foster Care and Residential Care component program receipts for FY88 are projected as follows:

$$\$155.25 \times 12 \text{ months} \times 248 \text{ FTEs} = 462.0$$

For FY89 and beyond, the average monthly fee of \$155.25 was inflated 3.5% per year.

BILL SHEFFIELD
GOVERNOR



HB 46

STATE OF ALASKA
OFFICE OF THE GOVERNOR

JUNEAU 3/10/86

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that makes changes in existing law to clarify the status and accounting for money received for goods and services provided by state agencies. The purpose of the bill is to expressly authorize the receipt and, subject to appropriation by the legislature, expenditures of money received by state agencies through the performance of duties prescribed by law or regulation.

The most significant provision of this bill is contained in sec. 1. The purpose of sec. 1 is to require express legal authority before a state agency may charge for goods or services.

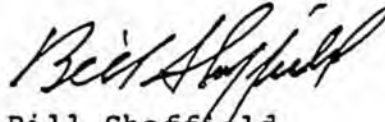
The remaining sections of the bill either (1) expressly authorize the assessment of fees, or the provision of services already impliedly authorized by existing law, or (2) prescribe a method for accounting for money generated by state programs.

The amendments set out in this bill will make clear the permissible handling of program receipts. Although my administration feels that the most appropriate use of program receipts is to cover the expenses of the activities that earned them, it is within the legislature's discretion to determine the purpose for which those program receipts may be spent. The power of the legislature to appropriate program receipts is no different from its power to appropriate other money belonging to the general fund.

Other amendments in the bill are intended only to provide a more descriptive name for certain funds established by law. These amendments are not intended to change the purpose for these funds or any other substantive aspect in relation to them.

This bill was prepared after working in cooperation with the finance committees and is in response to 1984 Legislative Resolve 66 (derived from the Thirteenth Legislature's HCR 56).

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield". The signature is written in dark ink and is positioned above the printed name.

Bill Sheffield
Governor

HOUSE
COMMITTEE REPORT

(11)

Date referred: 3/12/86

FURTHER REFERRALS:

DATE: 4-30-86

The FINANCE Committee has considered HB 696

"An Act relating to the provision of and charges for state services; and accounting for and appropriation of receipts earned by state agencies; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 696 (FIN) same title
- new title

and recommends do pass

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note 4-30-86
 - zero fiscal note

SIGNING DO PASS:

C. Adams

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature] (No Rec.)

[Signature] (No Rec.)

[Signature] no rec

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

C. Adams
Chairman

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 4/30/86

REQUEST

Bill/Resolution No. : CSHB 696 (Fin)
 Title : Re: financial administration
of state government...

Sponsor : Rules Committee
 Requestor : House Finance Committee
 Date of Request : 4/30/86

FISCAL DETAIL

Agency Affected : All Agencies
 BRU : _____

Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | / | | | | |
| TRAVEL | | / | | | | |
| CONTRACTUAL | | / | | | | |
| SUPPLIES | | / | | | | |
| EQUIPMENT | | / | | | | |
| LAND & STRUCTURES | | / | | | | |
| GRANTS, CLAIMS | | / | | | | |
| MISCELLANEOUS | | / | | | | |
| TOTAL OPERATING | | / | | | | |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|--|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS :

| | | | | | | |
|-----------|--|---|--|--|--|--|
| FULL-TIME | | / | | | | |
| PART-TIME | | / | | | | |
| TEMPORARY | | / | | | | |

ANALYSIS : Attach a separate page if necessary

APA

Prepared by : Al Adams, Chair Phone : 465-3706
 Division : House Finance Committee Date : 4/30/86

Approved by Commissioner : _____ Date : _____
 Agency : _____

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 696 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the financial administration of
7 state government; the provision of and charges for
8 state services; accounting for receipts of state
9 agencies; the sale of miscellaneous state property;
10 and the acceptance and deposit of miscellaneous
11 receipts of state agencies; and providing for an
12 effective date."

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

14 * Section 1. AS 37.10.050(a) is repealed and reenacted to read:

15 (a) A state agency may not charge for the provision of state
16 services unless the charge is authorized by statute. Unless specif-
17 ically exempted by statute, a state agency authorized to collect or
18 receive fees, licenses, taxes, or other money belonging to the state
19 shall account for and remit the receipts, less fees to which the
20 collector is entitled by statute or regulation, to the Department of
21 Revenue at least once each month.

22 * Sec. 2. AS 02.15.130 is amended to read:

23 Sec. 02.15.130. ASSISTANCE TO THE FEDERAL GOVERNMENT, MUNICIPAL-
24 ITIES AND OTHER PERSONS. The department may make available its engin-
25 eering, maintenance, and other [TECHNICAL] services, with or without
26 charge, to the federal government, or to a [ANY] municipality or
27 person in connection with the planning, acquisition, construction,
28 improvement, maintenance, or operation of airports or air navigation
29 facilities. The commissioner of administration shall separately

1 account for money that is generated by the provision of services to
2 nonstate entities under this section and that the department deposits
3 in the general fund. The annual estimated balance in the account may
4 be used by the legislature to make appropriations to the department to
5 carry out the purposes of this section.

6 * Sec. 3. AS 06.01 is amended by adding a new section to read:

7 Sec. 06.01.045. ACCOUNTING AND DISPOSITION OF FEES. The commis-
8 sioner of administration shall separately account for all fees col-
9 lected under this title that the department deposits in the general
10 fund. The annual estimated balance in the account may be used by the
11 legislature to make appropriations to the department to carry out the
12 purposes of this title.

13 * Sec. 4. AS 08.01.065 is amended by adding a new subsection to read:

14 (d) The commissioner of administration shall separately account
15 for occupational licensing fees deposited in the general fund by the
16 department. The annual estimated balance in the account may be used
17 by the legislature to make appropriations to the department to carry
18 out the activities of the division of occupational licensing.

19 * Sec. 5. AS 08.88.221 is amended to read:

20 Sec. 08.88.221. FEES. The Department of Commerce and Economic
21 Development shall set fees under AS 08.01.065 for a real estate brok-
22 er, associate broker, or salesman licensee or applicant for the fol-
23 lowing:

- 24 (1) examination;
25 (2) reciprocity;
26 (3) initial license;
27 (4) renewal of an active license;
28 (5) renewal of an inactive license;
29 (6) amending or transferring a license;

1 (7) publications offered by the commission;

2 (8) seminars offered by the commission.

3 * Sec. 6. AS 08.8 .231 is amended by adding a new subsection to read:

4 (b) The commissioner of administration shall separately account
5 for all fees deposited in the general fund under (a) of this section.
6 The annual estimated balance in the account may be used by the legis-
7 lature to make appropriations to the Department of Commerce and Eco-
8 nomic Development to carry out the purposes of this chapter.

9 * Sec. 7. AS 10.05.768 is amended by adding a new subsection to read:

10 (b) The commissioner of administration shall separately account
11 for all fees collected under this chapter that the department deposits
12 in the general fund. The annual estimated balance in the account may
13 be used by the legislature to make appropriations to the department to
14 carry out the purposes of this chapter.

15 * Sec. 8. AS 10.15 is amended by adding a new section to article 7 to
16 read:

17 Sec. 10.15.563. ACCOUNTING AND DISPOSITION OF FEES. The commis-
18 sioner of administration shall separately account for all fees col-
19 lected under this chapter that the department deposits in the general
20 fund. The annual estimated balance in the account may be used by the
21 legislature to make appropriations to the department to carry out the
22 purposes of this chapter.

23 * Sec. 9. AS 10.20 is amended by adding a new section to article 8 to
24 read:

25 Sec. 10.20.643. ACCOUNTING AND DISPOSITION OF FEES. The commis-
26 sioner of administration shall separately account for all fees col-
27 lected under this chapter that the department deposits in the general
28 fund. The annual estimated balance in the account may be used by the
29 legislature to make appropriations to the department to carry out the

1 purposes of this chapter.

2 * Sec. 10. AS 10.25.530 is amended by adding a new subsection to read:

3 (c) The commissioner of administration shall separately account
4 for all fees collected under this chapter that the Department of
5 Commerce and Economic Development deposits in the general fund. The
6 annual estimated balance in the account may be used by the legislature
7 to make appropriations to the department to carry out the purposes of
8 this chapter.

9 * Sec. 11. AS 10.35 is amended by adding a new section to read:

10 Sec. 10.35.075. ACCOUNTING AND DISPOSITION OF FEES. The commis-
11 sioner of administration shall separately account for all fees col-
12 lected under this chapter that the Department of Commerce and Economic
13 Development deposits in the general fund. The annual estimated bal-
14 ance in the account may be used by the legislature to make appro-
15 priations to the department to carry out the purposes of this chapter.

16 * Sec. 12. AS 10.40.140 is amended by adding a new subsection to read:

17 (c) The commissioner of administration shall separately account
18 for all fees and penalties collected under this chapter that the
19 Department of Commerce and Economic Development deposits in the gener-
20 al fund. The annual estimated balance in the account may be used by
21 the legislature to make appropriations to the department to carry out
22 the purposes of this chapter.

23 * Sec. 13. AS 12.55.100(a) is amended to read:

24 (a) While on probation and among the conditions of probation,
25 the defendant may be required

26 (1) to pay a fine in one or several sums;

27 (2) to make restitution or reparation to aggrieved parties
28 for actual damages or loss caused by the crime for which conviction
29 was had;

1 (3) to provide for the support of any persons for whose
2 support the defendant is legally responsible; [AND]

3 (4) to perform community work in accordance with AS 12.55.-
4 055; and

5 (5) to pay a periodic probation fee as provided in AS 12.-
6 55.105.

7 * Sec. 14. AS 12.55 is amended by adding a new section to read:

8 Sec. 12.55.105. PROBATION FEE. (a) A court granting probation
9 shall require a periodic probation fee to be paid to the Department of
10 Corrections as a condition of probation. The fee amount shall be
11 established by regulation adopted by the commissioner of corrections.

12 (b) A probationer may choose to make the probation fee payments
13 by direct withdrawal from the probationer's permanent fund dividend
14 received under AS 43.23.005. The Department of Corrections shall
15 provide a form to the probationer to indicate this preference to the
16 Department of Revenue.

17 (c) The commissioner of corrections may attach the permanent
18 fund dividend of a probationer that is in arrears on the probation
19 fee.

20 (d) Money collected under this section shall be deposited in the
21 general fund. The commissioner of administration shall separately
22 account for money that the Department of Corrections deposits in the
23 general fund under this subsection. The annual estimated balance in
24 the account may be used by the legislature to make appropriations to
25 the department to carry out the purposes of AS 33.05.

26 * Sec. 15. AS 14.07.030 is amended to read:

27 Sec. 14.07.030. POWERS OF THE DEPARTMENT. The department may

28 (1) establish, maintain, govern, operate, discontinue, and
29 combine area, regional, and special schools;

1 (2) [REPEALED

2 (3) REPEALED

3 (4) REPEALED

4 (5)] enter into contractual agreements with the Bureau of
5 Indian Affairs or with a school district to share boarding costs of
6 secondary school students;

7 (3) [(6)] provide for citizenship night schools when and
8 where expedient;

9 (4) [(7)] provide for the sale or other disposition of
10 abandoned or obsolete buildings and other state-owned school property;

11 (5) [(8)] prescribe a classification for items of expense
12 of school districts;

13 (6) [(9)] acquire and transfer personal property, acquire
14 real property, and transfer real property to federal agencies, state
15 agencies, or to political subdivisions;

16 (7) [(10)] enter into contractual agreements with school
17 districts to provide more efficient or economical education services;
18 reasonable fees may be charged by the department to cover the costs of
19 providing services under an agreement, including costs for profes-
20 sional services, reproduction or printing, and mailing and distribu-
21 tion of educational materials;

22 (8) [(11)] provide for the issuance of elementary and
23 secondary diplomas to persons not in school who have completed the
24 equivalent of an 8th or 12th [EIGHTH OR TWELFTH] grade education,
25 respectively, in accordance with standards established by the depart-
26 ment;

27 (9) [(12)] exercise disapproval power under AS 14.08.101;

28 (10) apply for, accept, and spend endowments, grants, and
29 other private money available to the state for educational purposes in

1 accordance with AS 37.07 (the Executive Budget Act);

2 (11) set student tuition and fees for educational programs
3 provided and schools operated by the department under the provisions
4 of AS 14.07.020(12) and (1) of this section;

5 (12) charge fees to cover the costs of care and handling
6 with respect to the acquisition, warehousing, distribution, or trans-
7 fer of donated foods.

8 * Sec. 16. AS 14.07 is amended by adding a new section to read:

9 Sec. 14.07.035. ACCOUNTING AND DISPOSITION OF RECEIPTS. (a)

10 The commissioner of administration shall separately account for educa-
11 tional service fees collected under AS 14.07.030(7) that the depart-
12 ment deposits in the general fund. The annual estimated balance in
13 the account may be used by the legislature to make appropriations to
14 the department to carry out the purposes of AS 14.07.030.

15 (b) The commissioner of administration shall separately account
16 for each endowment, grant, or other money from a private donor re-
17 ceived under AS 14.07.030(10) that the department deposits in the
18 general fund. The annual estimated balance in the account may be used
19 by the legislature to make appropriations to the department to carry
20 out the educational purposes intended by the endowment, grant, or
21 gift.

22 (c) The commissioner of administration shall separately account
23 for student tuition and fees collected under AS 14.07.030(11) that the
24 department deposits in the general fund. The annual estimated balance
25 in the account may be used by the legislature to make appropriations
26 to the department to administer, maintain, and operate programs and
27 schools under AS 14.07.020(12) and 14.07.030(1).

28 (d) The commissioner of administration shall separately account
29 for fees collected under AS 14.07.030(12) that the department deposits

1 in the general fund. The annual estimated balance in the account may
2 be used by the legislature to make appropriations to the department to
3 carry out the programs for which the fees are collected.

4 (e) The commissioner of administration shall separately account
5 for money that derives from department auxiliary services, including
6 student services centers, student activities, and events administered
7 or operated by the department and that the department deposits in the
8 general fund. The annual estimated balance in the account may be used
9 by the legislature to make appropriations to the department to carry
10 out the purposes of AS 14.07.030.

11 * Sec. 17. AS 14.07.059(a) is amended to read:

12 (a) The Alaska school activities fund is established in the
13 general fund under the administration of [WITHIN] the Department of
14 Education.

15 * Sec. 18. AS 14.07.059 is amended by adding a new subsection to read:

16 (d) The department shall deposit in the Alaska school activities
17 fund all fees, including membership fees and activity and events fees
18 collected by the Alaska School Activities Association. The commis-
19 sioner of administration shall separately account for the deposits
20 into the fund. The annual estimated balance in the fund may be used
21 by the legislature to make appropriations to the department to carry
22 out the purposes of this section.

23 * Sec. 19. AS 14.20.020(c) is amended to read:

24 (c) The board may establish by regulation additional require-
25 ments for the issuance of certificates, including the fees to be
26 charged for each certificate.

27 * Sec. 20. AS 14.20.020 is amended by adding a new subsection to read:

28 (e) The commissioner of administration shall separately account
29 for teacher certification fees that the department deposits in the

1 general fund. The annual estimated balance in the account may be used
2 by the legislature to make appropriations to the department to carry
3 out the purposes of this section and to support the activities of the
4 Professional Teaching Practices Commission under AS 14.20.460, 14.-
5 20.470, and 14.20.500.

6 * Sec. 21. AS 14.25.180(a) is amended to read:

7 (a) The commissioner of revenue is the treasurer of the system
8 and has powers and duties for this purpose including but not limited
9 to the following:

10 (1) to act as official custodian of the cash and securities
11 belonging to the system and provide adequate safe deposit facilities
12 for them;

13 (2) to receive all items of cash belonging to the system;

14 (3) to collect the interest and principal on securities
15 acquired by the system and deposit the interest and principal in the
16 retirement fund;

17 (4) to invest and reinvest the assets of the retirement
18 fund in accordance with this section;

19 (5) to receive and spend appropriations from the retirement
20 fund to cover the cost of fiduciary duties under this section.

21 * Sec. 22. AS 14.40.210 is amended by adding a new subsection to read:

22 (b) The president of the University of Alaska shall separately
23 account for university receipts deposited in the treasury of the uni-
24 versity. The annual estimated balance in the account may be used by
25 the legislature to make appropriations to the university to carry out
26 the purposes of this chapter.

27 * Sec. 23. AS 14.40 is amended by adding a new section to article 3 to
28 read:

29 Sec. 14.40.490. DEFINITION OF UNIVERSITY RECEIPTS. In

1 AS 14.40.120 - 14.40.490, "university receipts" includes

- 2 (1) student fees, including tuition;
- 3 (2) receipts from university auxiliary services;
- 4 (3) recovery of indirect costs of university activities;
- 5 (4) receipts from sales and rentals of university property;
- 6 (5) federal receipts;
- 7 (6) gifts, grants, and contracts; and
- 8 (7) receipts from sales, rentals, and the provision of
- 9 services of educational activities.

10 * Sec. 24. AS 14.48.090(b) is amended to read:

11 (b) Fees collected under this chapter shall be deposited in the
12 general fund. The commissioner of administration shall separately
13 account for all fees that are collected and deposited under this
14 section. The annual estimated balance in the account may be used by
15 the legislature to make appropriations to the commission to carry out
16 the purposes of this chapter.

17 * Sec. 25. AS 14.56.030 is amended to read:

18 Sec. 14.56.030. STATE LIBRARY DUTIES. The department shall
19 undertake state library functions that [WHICH] will benefit the state
20 and its citizens, including:

21 (1) coordinating [COORDINATE] library services of the state
22 with other educational services and agencies to increase effectiveness
23 and eliminate duplication;

24 (2) providing [PROVIDE] reference library service to state
25 and other public officials;

26 (3) providing [PROVIDE] library services and administering
27 [ADMINISTER] state and other grants-in-aid to public libraries to
28 supplement and improve their services, the grants to be paid from
29 funds appropriated for that purpose, or from other funds available for