

ALASKA LEGISLATURE COMMITTEE BILL FILES - 1987 - 1988 8879

CSHB 6, HB 6, CSHB 7 193

CS HB

6

SENATE COMMITTEE REPORT

FURTHER:

5/13/87

DATE TURNED INTO OFFICE 5/16/87

Mr. President:

FINANCE Committee considered CSHB 6(Fin) am

relating to, and allowing tax credits for, contributions to certain educational institutions; and restricting state tax deductions under 26 U.S.C. 170.

and recommended:

replace with _____ CS FOR _____) same title
 or adopt _____ CS FOR CS H.B. 6 (NEEL)) new title

attached amendment(s) S(Jud)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)
 new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

3 DO PASS
Chairman signature and recommendation

Committee Backup Attached

FISCAL NOTE

No. 4

Bill Version: CSHB 6(Fin)
 Publish Date: HOUSE 3/4/87

REQUEST

Bill/Resolution No.: CSHB 6 (FIN)
 Title: Act allowing tax credits for contributions to educational institutions
 Sponsor: Gruenberg, et. al
 Requestor: _____
 Date of Request: January 27, 1987

FISCAL DETAIL

Agency Affected: University of Alaska
 BRU: All
 Components: _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE		Positive	Positive	Positive	Positive	Positive

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

See attached.

Prepared by: Brian Rogers, Budget Director
 Division: University of Alaska
 Approved by ^{Vice President} Sherrill Carter
 Agency: University of Alaska

Phone: 474-6490
 Date: January 29, 1987
 Date: January 29, 1987

Distribution (by Agency preparing fiscal note):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 6(Fin)

No. 4
CSHB 6(Fin)
3/4/87

It is impossible to give exact figures on what the revenue gain to the University of Alaska would be under HB 6 because, although the tax credit incentive can be analyzed, the degree of response to such a tax measure is not possible to gauge.

Corporations who now make charitable contributions will have an incentive to channel them toward qualifying institutions, as they will have an economic incentive to do so. Losses to the Alaska state treasury from the tax credit will be offset by corresponding gains — twice as large as the losses — to Alaska educational institutions.

This is particularly important in the case of multi-state corporations, who will, if the measure passes, have a strong economic incentive to contribute to qualifying educational institutions in Alaska, rather than institutions in other states. Non-Alaska tax-deductible organizations will tend to lose contributions as corporations operating in Alaska will retain a greater amount of net income by redirecting their contributions to qualifying Alaska educational institutions.

The magnitude of corporate contributions which might be affected is likely to be in the \$250,000 to \$1 million range annually. The oil industry, for example, contributed less than \$20 million to U.S. colleges and universities in 1984. If the University of Alaska could due to this tax credit garner 2% of the total U.S. oil industry contributions, the measure would generate \$400,000 for the university and cost \$200,000 to the state treasury.

Provisions in the legislation which deny eligibility for contributions accepted for endowment purposes will, however, be detrimental to current efforts by the University of Alaska. The university is seeking to increase the size of its endowments and to create endowed chairs in areas of excellence. These provisions (Sec. 43.20.014(b), Sec. 43.55.109(b), Sec. 43.55.018(b), Sec. 43.65.018(b), and Sec. 43.75.018(b)) will create economic disincentives for corporations and individuals to contribute to endowments; those wishing to contribute to the university will receive additional economic benefits if they contribute to current operations rather than endowments.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Bill Version: CEHB 6(Fin)
Publish Date: HOUSE 3/4/87

Revision Date: 2/3/87
Title: Tax Credits - Educational Institutions
Sponsor: Gruenberg et al
Requestor: House Health, Education & Social Services and Finance

Agency Affected: Revenue
BRU: Audit
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TRAVEL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CONTRACTUAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
SUPPLIES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
EQUIPMENT	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LANDS & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CAPITAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
REVENUE	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel
Division: Audit

Phone: 465-2320
Date: 2/3/87

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 2/4/87

Distribution (by Agency preparing fiscal note):

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

Fiscal Note Bill Analysis

Section 1 - 7

HB 6 is very similar to CS for HB 688 which was introduced in the House last year. The bill provides for a tax credit to be given to those persons and businesses making cash contributions to certain educational institutions and restricting state tax deductions under 26 U.S.C. 170.

The credit is generally limited to 50 percent of the contribution and is further limited depending upon the type of tax being offset. The following tax types may receive the credit and the additional limitations are noted

TAX TYPE	LIMITATION
AS 43.20 Corporate Income Tax	Lesser of 10% of tax or \$20,000
AS 43.55 Oil & Gas Production Tax	Lesser of 10% of tax or \$1,000
AS 43.56 Oil & Gas Property Tax	Lesser of 10% of tax or \$1,000
AS 43.65 Mining Tax	Lesser of 10% of tax or \$10,000
AS 43.75 Fisheries Business Tax	Lesser of 10% of tax or \$10,000

For income tax purposes the credit is in lieu of the contribution deduction normally allowed by the Internal Revenue Code. A person with a tax liability in several of the creditable tax types may only receive credit under one type. There is no carryover of unused credits as drafted.

Contributions may not be earmarked for specific purposes and must be used for direct instruction, research, and educational support purposes, including library and museum acquisitions.

Both the Department of Revenue and each public college and university must file informational reports with the legislature.

Section 8

Provides that the tax credit will not reduce the 25 - 50 percent share of the fisheries tax that is shared to local municipalities.

Section 9

Provides an effective date applicable to contributions made after December 31, 1987.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 6(Fin)
Publish Date: HOUSE 3/4/87

REQUEST

Revision Date:
Title: An Act Allowing Tax Credits For
Contributions to Education Institutions
Sponsor: Gruenberg
Requestor: _____

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	(See Attachment)					

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Mary Ellen Frank/Bob Elliott *MEF BE*
Division: Research

Phone: 465-2173
Date: 2/6/87

Approved by Commissioner: Hugh Malone *HW For*
Agency: Revenue

Date: 2/9/87

Distribution (by Agency preparing fiscal note):

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

Continuation for Fiscal Note Analysis

HB 6

It is impossible to give exact figures on what the revenue loss to the State would be under HB 6 because, although the incentives can be analyzed (below), the degree of response to the tax measure isn't possible to gauge.

1. The State will lose tax revenue but may also have less demand for existing revenues if educational institutions are funded by private contributions.
2. Non-educational tax deductible organizations will tend to lose contributions from companies because corporations will have a net gain in retained income by redirecting their contribution budgets to qualifying Alaska educational institutions.
3. Non-Alaskan tax deductible organizations including educational institutions will tend to lose contributions as corporations operating in Alaska will retain a greater amount of net income by redirecting their contributions to qualifying Alaska educational institutions.
4. On aggregate, companies that do not make charitable contributions now will have no economic incentives* to change that. Companies that have contribution budgets will have incentive to channel them toward qualifying institutions as they will have an economic incentive*. *Economic incentive here means having greater net income retained after contribution.
5. The Federal government will tend to gain tax revenue on aggregate. Companies which currently make contributions will have less deductions against Federal income taxes (due to the add back of state credits), and thus will have a greater Federal tax liability. In contrast, companies not already making contributions would have more deductions and less Federal tax liability if they chose to make contributions. However, as noted in item four above, they would have less retained income after contributions, and thus no economic incentive.
6. There will be less ability for the State and educational institutions to estimate revenues and subsequently to control budgets due to the unpredictable nature of the tax credits.

AMENDMENT #1

Judiciary Committee
by ~~G. H. H. H. H. H. H.~~

Offered in the SENATE
TO: ~~SS~~ CS HB 6 (HESS)

405
Page 1, Line 11, after "PURPOSE.":

Insert "The Legislature recognizes the unique social and economic importance of Alaska's colleges and universities to the state's future."

Page 1, line 14, after "acquisitions":

Delete ", during this period of decreased state revenue"

Am #1
adopted
5/2/87

Original sponsors: Gruenberg, Koponen,
Frank, et al.

1 IN THE HOUSE BY THE HEALTH, EDUCATION AND
2 SENATE CS FOR CS FOR HOUSE BILL NO. 6 (HESS) SOCIAL SERVICES COMMITTEE
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to, and allowing tax credits for,
7 contributions to certain educational institutions;
8 and restricting state tax deductions under 26 U.S.C.
9 170."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
11 * Section 1. PURPOSE. It is the purpose of this Act to provide col-
12 leges and universities with a private source of funding for direct instruc-
13 tion, research, and educational support purposes, including library and
14 museum acquisitions, during this period of decreased state revenue.
15 * Sec. 2. AS 43.20 is amended by adding a new section to read:
16 Sec. 43.20.014. INCOME TAX EDUCATION CREDIT. (a) A taxpayer is
17 allowed as a credit against the tax due under this chapter 50 percent
18 of cash contributions accepted for direct instruction, research, and
19 educational support purposes, including library and museum acquisi-
20 tions, by an accredited, nonprofit, public or private, Alaska, two- or
21 four-year, college or university. The credit may not exceed the
22 lesser of 10 percent of the amount of tax due under this chapter or
23 \$100,000. A contribution claimed as a credit under this section may
24 not be claimed as a credit under another provision of this title. A
25 deduction is not allowed under 26 U.S.C. 170, if the credit provided
26 by this section is claimed.
27 (b) Contributions accepted for endowment purposes are not eligi-
28 ble for the credit under (a) of this section.
29 (c) By September 30 of each year, the Department of Revenue

1 shall report to the Legislative Budget and Audit Committee on the
2 credits taken under this section. Each public college and university
3 shall include in its annual operating budget request contributions
4 received and how the contributions were used.

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

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

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

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

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

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

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

29 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The

1 owner of property taxable under this chapter is allowed as a credit
2 against the tax due under this chapter 50 percent of cash contribu-
3 tions accepted for direct instruction, research, and educational
4 support purposes, including library and museum acquisitions, by an
5 accredited, nonprofit, public or private, Alaska, two- or four-year,
6 college or university. The credit may only be applied against the tax
7 liability accruing during the month the contribution is made. The
8 credit may not exceed the lesser of 10 percent of the amount of tax
9 due under this chapter or \$10,000. A contribution claimed as a credit
10 under this section may not be claimed as a credit under another pro-
11 vision of this title.

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

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

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

20 Sec. 43.65.018. MINING BUSINESS EDUCATION CREDIT. (a) A person
21 engaged in the business of mining in the state is allowed as a credit
22 against the tax due under this chapter 50 percent of cash contribu-
23 tions accepted for direct instruction, research, and educational
24 support purposes, including library and museum acquisitions, by an
25 accredited, nonprofit, public or private, Alaska, two- or four-year,
26 college or university. The credit may not exceed the lesser of 10
27 percent of the amount of tax due under this chapter or \$100,000. A
28 contribution claimed as a credit under this section may not be claimed
29 as a credit under another provision of this title.

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

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

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

9 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
10 person engaged in a fisheries business is allowed as a credit against
11 the tax due under this chapter 50 percent of cash contributions ac-
12 cepted for direct instruction, research, and educational support
13 purposes, including library and museum acquisitions, by an accredited,
14 nonprofit, public or private, Alaska, two- or four-year, college or
15 university. The credit may not exceed the lesser of 10 percent of the
16 amount of tax due under this chapter or \$100,000. A contribution
17 claimed as a credit under this section may not be claimed as a credit
18 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. 8. AS 43.75.130 is amended by adding a new subsection to read:

27 (d) In this section, "tax revenue collected" includes the amount
28 credited against taxes under AS 43.75.018.

29 * Sec. 9. The provisions of this Act apply to contributions made after

1 December 31, 1987.

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

April 16, 1987

SUBJECT: Constitutionality of SCSCSHB 6 (HESS)

TO: Senator Paul Fischer, Chair
 Health, Education and Social Services
 Committee

FROM: Theresa L. Bannister *TB*
 Legislative Counsel

This memo accompanies the committee substitute for CSHB 6(Fin) am that has been requested for your committee. The CS adds private schools to the tax credit provisions.

Please be aware that a question exists about the constitutionality of the proposed CS because it covers private schools. The state constitution prohibits public money being spent "for the direct benefit of any religious or other private educational institution". Art. VII, sec. 1, Alaska State Constitution. Applying private school contributions as credits against taxes owed to the state might be construed to be using state money for the benefit of religious or other private educational institutions. There does not appear to be any case law directly on this point, so the result of a court challenge is unclear.

If I may be of further assistance, please advise.

TLB:mkr
m11/033

Enclosure

Original sponsors: Gruenberg, Koponen,
Frank, et al.

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 6 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to, and allowing tax credits for,
7 contributions to certain educational institutions;
8 and restricting state tax deductions under 26 U.S.C.
9 170."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
11 * Section 1. PURPOSE. It is the purpose of this Act to provide col-
12 leges and universities with a private source of funding for direct instruc-
13 tion, research, and educational support purposes, including library and
14 museum acquisitions, during this period of decreased state revenue.
15 * Sec. 2. AS 43.20 is amended by adding a new section to read:
16 Sec. 43.20.014. INCOME TAX EDUCATION CREDIT. (a) A taxpayer is
17 allowed as a credit against the tax due under this chapter 50 percent
18 of cash contributions accepted for direct instruction, research, and
19 educational support purposes, including library and museum acquisi-
20 tions, by an accredited, nonprofit, public, Alaska, two- or four-year,
21 college or university. The credit may not exceed the lesser of 10
22 percent of the amount of tax due under this chapter or \$10,000. A
23 contribution claimed as a credit under this section may not be claimed
24 as a credit under another provision of this title. A deduction is not
25 allowed under 26 U.S.C. 170, if the credit provided by this section is
26 claimed.
27 (b) Contributions accepted for endowment purposes are not eligi-
28 ble for the credit under (a) of this section.
29 (c) By September 30 of each year, the Department of Revenue

1 shall report to the Legislative Budget and Audit Committee on the
2 credits taken under this section. Each public college and university
3 shall include in its annual operating budget request contributions
4 received and how the contributions were used.

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

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

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

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

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

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

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

29 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The

1 owner of property taxable under this chapter is allowed as a credit
2 against the tax due under this chapter 50 percent of cash contribu-
3 tions accepted for direct instruction, research, and educational
4 support purposes, including library and museum acquisitions, by an
5 accredited, nonprofit, public, Alaska, two- or four-year, college or
6 university. The credit may only be applied against the tax liability
7 accruing during the month the contribution is made. The credit may
8 not exceed the lesser of 10 percent of the amount of tax due under
9 this chapter or \$1,000. A contribution claimed as a credit under this
10 section may not be claimed as a credit under another provision of this
11 title.

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

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

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

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

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

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

9 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
10 person engaged in a fisheries business is allowed as a credit against
11 the tax due under this chapter 50 percent of cash contributions ac-
12 cepted for direct instruction, research, and educational support
13 purposes, including library and museum acquisitions, by an accredited,
14 nonprofit, public, Alaska, two- or four-year, college or university.
15 The credit may not exceed the lesser of 10 percent of the amount of
16 tax due under this chapter or \$10,000. A contribution claimed as a
17 credit under this section may not be claimed as a credit under another
18 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. 8. AS 43.75.130 is amended by adding a new subsection to read:

27 (d) In this section, "tax revenue collected" includes the amount
28 credited against taxes under AS 43.75.018.

29 * Sec. 9. The provisions of this Act apply to contributions made after

1 December 31, 1987.

SENATE COMMITTEE REPORT

FURTHER:

JUDICIARY
FINANCE

3/9/87

DATE TURNED INTO OFFICE 4/16/87

Mr. President:

HESS Committee considered CSHB 6(Fin)am

relating to, and allowing tax credits for, contributions to certain educational institutions; and restricting state tax deductions under 26 U.S.C. 170."

and recommended:

replace with SCS FOR CS HB 6 (HESS)) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]

Paul Trick. Do Pass
Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FURTHER: FINANCE

DATE TURNED INTO OFFICE 5/12/87

Mr. President:

JUDICIARY

Committee considered CSHB 6 (Fin) am

relating to, and allowing tax credits for, contributions to certain educational institutions; and restricting state tax deductions under 26 U.S.C. 170.

and recommended:

replace with _____ CS FOR _____) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted _____

Committee attached or adopted fiscal note(s)

new updated or previous
Anna zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Bob Koller
Dea Rosen
Rich Hallford
Curtis Jung

Keith De-Pos
Chairman signature and recommendation

Committee Backup Attached

HB

6

HOUSE COMMITTEE REPORT

Date referred: 2/13/87

FURTHER REFERRALS:

DATE: 2/26/87

The Finance Committee has considered HB 6

"An Act allowing tax credits for contributions to certain education institutions; and restricting state tax deductions under 26 U.S.C. 170."

RECOMMENDS:

- replace with CS HB 6 (FINANCE) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal notes published 1/13/87 - Revenue
- same as previous zero fiscal note published 1/13/87 - UNIVERSITY
- same as previous zero fiscal note published 2/13/87 - Revenue

SIGNING DO PASS:

Albert P. Adams

Cliff Swartz

Mike De...

Mark...

Fay Brown

Mark Zoyler

SIGNING OTHER RECOMMENDATIONS:

Pat...

Steve...

F. Kay Wallis no rec

Albert P. Adams
Chairman's signature

Original sponsors: Gruenberg, Koponen,
Frank, et al.

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 6 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to, and allowing tax credits for,
7 contributions to certain educational institutions;
8 and restricting state tax deductions under 26 U.S.C.
9 170."

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

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

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

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

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

29 (c) By September 30 of each year, the Department of Revenue

1 shall report to the Legislative Budget and Audit Committee on the
2 credits taken under this section. Each public college and university
3 shall include in its annual operating budget request contributions
4 received and how the contributions were used.

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

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

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

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

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

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

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

29 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The

1 owner of property taxable under this chapter is allowed as a credit
2 against the tax due under this chapter 50 percent of cash contribu-
3 tions accepted for direct instruction, research, and educational
4 support purposes, including library and museum acquisitions, by an
5 accredited, nonprofit, public or private, Alaska, two- or four-year,
6 college or university. The credit may only be applied against the tax
7 liability accruing during the month the contribution is made. The
8 credit may not exceed the lesser of 10 percent of the amount of tax
9 due under this chapter or \$1,000. A contribution claimed as a credit
10 under this section may not be claimed as a credit under another pro-
11 vision of this title.

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

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

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

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

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

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

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

9 Sec. 43.75.018. FISHERIES BUSINESS EDUCATION CREDIT. (a) A
10 person engaged in a fisheries business is allowed as a credit against
11 the tax due under this chapter 50 percent of cash contributions ac-
12 cepted for direct instruction, research, and educational support
13 purposes, including library and museum acquisitions, by an accredited,
14 nonprofit, public or private, Alaska, two- or four-year, college or
15 university. The credit may not exceed the lesser of 10 percent of the
16 amount of tax due under this chapter or \$10,000. A contribution
17 claimed as a credit under this section may not be claimed as a credit
18 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. 8. AS 43.75.130 is amended by adding a new subsection to read:

27 (d) In this section, "tax revenue collected" includes the amount
28 credited against taxes under AS 43.75.018.

29 * Sec. 9. The provisions of this Act apply to contributions made after

1 December 31, 1987.

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STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST _____
Revision Date: _____
Title: An Act Allowing Tax Credits For Contributions to Education Institutions
Sponsor: Gruenberg
Requestor: _____

Bill Version: HB 6
Publish Date: 1/19/87
Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	(See Attachment)					

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: MET Mary Ellen Frank/Bob Elliott BE
Division: Research
Approved by Commissioner: Hugh Malone RW For
Agency: Revenue

Phone: 465-2173
Date: 2/6/87
Date: 2/9/87

Distribution (by Agency preparing fiscal note):

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

Continuation for Fiscal Note Analysis

HB 6

It is impossible to give exact figures on what the revenue loss to the State would be under HB 6 because, although the incentives can be analyzed (below), the degree of response to the tax measure isn't possible to gauge.

1. The State will lose tax revenue but may also have less demand for existing revenues if educational institutions are funded by private contributions.
2. Non-educational tax deductible organizations will tend to lose contributions from companies because corporations will have a net gain in retained income by redirecting their contribution budgets to qualifying Alaska educational institutions.
3. Non-Alaskan tax deductible organizations including educational institutions will tend to lose contributions as corporations operating in Alaska will retain a greater amount of net income by redirecting their contributions to qualifying Alaska educational institutions.
4. On aggregate, companies that do not make charitable contributions now will have no economic incentives* to change that. Companies that have contribution budgets will have incentive to channel them toward qualifying institutions as they will have an economic incentive*. *Economic incentive here means having greater net income retained after contribution.
5. The Federal government will tend to gain tax revenue on aggregate. Companies which currently make contributions will have less deductions against Federal income taxes (due to the add back of state credits), and thus will have a greater Federal tax liability. In contrast, companies not already making contributions would have more deductions and less Federal tax liability if they chose to make contributions. However, as noted in item four above, they would have less retained income after contributions, and thus no economic incentive.
6. There will be less ability for the State and educational institutions to estimate revenues and subsequently to control budgets due to the unpredictable nature of the tax credits.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 6 (FIN)

Publish Date: 7/19/87

REQUEST _____

Revision Date: _____

Title: An Act Allowing Tax Credits For
Contributions to Education Institutions

Sponsor: Gruenberg

Requestor: _____

Agency Affected: Revenue

BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	(See Attachment)					

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Mary Ellen Frank/Bob Elliott *MEF BE*

Division: Research

Phone: 465-2173

Date: 2/6/87

Approved by Commissioner: Hugh Malone *HW For*

Agency: Revenue

Date: 2/9/87

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Senate Secretary

Continuation for Fiscal Note Analysis

HB 6

It is impossible to give exact figures on what the revenue loss to the State would be under HB 6 because, although the incentives can be analyzed (below), the degree of response to the tax measure isn't possible to gauge.

1. The State will lose tax revenue but may also have less demand for existing revenues if educational institutions are funded by private contributions.
2. Non-educational tax deductible organizations will tend to lose contributions from companies because corporations will have a net gain in retained income by redirecting their contribution budgets to qualifying Alaska educational institutions.
3. Non-Alaskan tax deductible organizations including educational institutions will tend to lose contributions as corporations operating in Alaska will retain a greater amount of net income by redirecting their contributions to qualifying Alaska educational institutions.
4. On aggregate, companies that do not make charitable contributions now will have no economic incentives* to change that. Companies that have contribution budgets will have incentive to channel them toward qualifying institutions as they will have an economic incentive*. *Economic incentive here means having greater net income retained after contribution.
5. The Federal government will tend to gain tax revenue on aggregate. Companies which currently make contributions will have less deductions against Federal income taxes (due to the add back of state credits), and thus will have a greater Federal tax liability. In contrast, companies not already making contributions would have more deductions and less Federal tax liability if they chose to make contributions. However, as noted in item four above, they would have less retained income after contributions, and thus no economic incentive.
6. There will be less ability for the State and educational institutions to estimate revenues and subsequently to control budgets due to the unpredictable nature of the tax credits.

FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : CSHB6 (FIN)
 Title : Act allowing tax credits for contributions to educational institutions
 Sponsor : Gruenberg, et. al
 Requestor : _____
 Date of Request : January 27, 1987

FISCAL DETAIL

Agency Affected : University of Alaska
 BRU : AI
 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE		Positive	Positive	Positive	Positive	Positive

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary See attached.

Prepared by : Brian Rogers, Budget Director
 Division : University of Alaska
 Approved by ^{Vice President} ~~Commissioner~~ : *Sherry Carter*
 Agency : University of Alaska

Phone : 474-6490
 Date : January 29, 1987
 Date : January 29, 1987

Distribution (by Agency preparing fiscal note) :

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB6

It is impossible to give exact figures on what the revenue gain to the University of Alaska would be under HB 6 because, although the tax credit incentive can be analyzed, the degree of response to such a tax measure is not possible to gauge.

Corporations who now make charitable contributions will have an incentive to channel them toward qualifying institutions, as they will have an economic incentive to do so. Losses to the Alaska state treasury from the tax credit will be offset by corresponding gains - twice as large as the losses - to Alaska educational institutions.

This is particularly important in the case of multi-state corporations, who will, if the measure passes, have a strong economic incentive to contribute to qualifying educational institutions in Alaska, rather than institutions in other states. Non-Alaska tax-deductible organizations will tend to lose contributions as corporations operating in Alaska will retain a greater amount of net income by redirecting their contributions to qualifying Alaska educational institutions.

The magnitude of corporate contributions which might be affected is likely to be in the \$250,000 to \$1 million range annually. The oil industry, for example, contributed less than \$20 million to U.S. colleges and universities in 1984. If the University of Alaska could due to this tax credit garner 2% of the total U.S. oil industry contributions, the measure would generate \$400,000 for the university and cost \$200,000 to the state treasury.

Provisions in the legislation which deny eligibility for contributions accepted for endowment purposes will, however, be detrimental to current efforts by the University of Alaska. The university is seeking to increase the size of its endowments and to create endowed chairs in areas of excellence. These provisions (Sec. 43.20.014(b), Sec. 43.55.109(b), Sec. 43.55.018(b), Sec. 43.65.018(b), and Sec. 43.75.018(b)) will create economic disincentives for corporations and individuals to contribute to endowments; those wishing to contribute to the university will receive additional economic benefits if they contribute to current operations rather than endowments.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: C5HB 6 (FIN)

Publish Date: 1/19/87

REQUEST

Revision Date: 2/3/87
Title: Tax Credits - Educational Institutions
Sponsor: Gruenberg et al
Requestor: House Health, Education & Social Services and Finance

Agency Affected: Revenue

BRU: Audit

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TRAVEL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CONTRACTUAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
SUPPLIES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
EQUIPMENT	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LANDS & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CAPITAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
REVENUE	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel
Division: Audit

Phone: 465-2320

Date: 2/3/87

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 2/4/87

Distribution (by Agency preparing fiscal note):

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

11-16

Fiscal Note Bill Analysis
House Bill 6

Section 1 - 7

HB 6 is very similar to CS for HB 688 which was introduced in the House last year. The bill provides for a tax credit to be given to those persons and businesses making cash contributions to certain educational institutions; and restricting state tax deductions under 26 U.S.C. 170.

The credit is generally limited to 50 percent of the contribution and is further limited depending upon the type of tax being offset. The following tax types may receive the credit and the additional limitations are noted.

TAX TYPE	LIMITATION
AS 43.20 Corporate Income Tax	Lesser of 10% of tax or \$10,000
AS 43.55 Oil & Gas Production Tax	Lesser of 10% of tax or \$ 1,000
AS 43.56 Oil & Gas Property Tax	Lesser of 10% of tax or \$ 1,000
AS 43.65 Mining Tax	Lesser of 10% of tax or \$10,000
AS 43.75 Fisheries Business Tax	Lesser of 10% of tax or \$10,000

For income tax purposes the credit is in lieu of the contribution deduction normally allowed by the Internal Revenue Code. A person with a tax liability in several of the creditable tax types may only receive credit under one type. There is no carryover of unused credits as drafted.

Contributions may not be earmarked for specific purposes and must be used for direct instruction, research, and educational support purposes, including library and museum acquisitions.

Both the Department of Revenue and each public college and university must file informational reports with the legislature.

Section 8

Provides that the tax credit will not reduce the 25 - 50 percent share of the fisheries tax that is shared to local municipalities.

Section 9

Provides an effective date applicable to contributions made after December 31, 1987.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: HB 6

Publish Date: 1/19/87

REQUEST _____

Revision Date: 2/3/87

Title: Tax Credits - Educational Institutions

Sponsor: Gruenberg et al

Requestor: House Health, Education & Social Services and Finance

Agency Affected: Revenue

BRU: Audit

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TRAVEL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CONTRACTUAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
SUPPLIES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
EQUIPMENT	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
LANDS & STRUCTURES	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
GRANTS, CLAIMS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
MISCELLANEOUS	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
CAPITAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
REVENUE	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: See attached.

Prepared By: Steven E. Kettel
Division: Audit

Phone: 465-2320

Date: 2/3/87

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 2/4/87

Distribution (by Agency preparing fiscal note):

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

Fiscal Note Bill Analysis
House Bill 5

Section 1 - 7

HB 6 is very similar to CS for HB 688 which was introduced in the House last year. The bill provides for a tax credit to be given to those persons and businesses making cash contributions to certain educational institutions; and existing state tax deductions under 26 U.S.C. 170.

The credit is generally limited to 50 percent of the contribution and is 75 percent if the contribution is for the type of tax being allowed. The carrying over of unused credits is provided and the maximum amount of credit is \$10,000.

TAX TYPE	CREDIT
AS 43.20 Corporate Income Tax	Lesser of 50% of tax or \$10,000
AS 43.55 Oil & Gas Production Tax	Lesser of 75% of tax or \$10,000
AS 43.56 Oil & Gas Property Tax	Lesser of 10% of tax or \$1,000
AS 43.65 Mining Tax	Lesser of 10% of tax or \$10,000
AS 43.75 Fisheries Business Tax	Lesser of 10% of tax or \$10,000

For income tax purposes the credit is in lieu of the contribution deduction normally allowed by the Internal Revenue Code. A person with a tax liability in several of the creditable tax types may only receive credit under one type. There is no carryover of unused credits as drafted.

Contributions may not be earmarked for specific purposes and must be used for direct instruction, research, and educational support purposes, including library and museum acquisitions.

Both the Department of Revenue and each public college and university must file informational reports with the legislature.

Section 2

Provides that the tax credit will not reduce the 25 - 50 percent share of the fisheries tax that is shared to local municipalities.

Section 3

Provides an effective date applicable to contributions made after December 31, 1997.



Sherman Carter
Executive Vice President
(907) 474-7448

University of Alaska
Fairbanks, Alaska 99775-5260

January 29, 1987

The Honorable Max Gruenberg
House Majority Leader
Pouch V
Juneau, AK 99811

Subject: Fiscal Note, House Bill 6

Dear Representative Gruenberg:

Attached as you requested is a fiscal note for House Bill 6, "An Act allowing tax credits to certain educational institutions; and restricting state tax deductions under 26 U.S.C. 170." The University of Alaska is in favor of, and supports the concept of this legislation.

The fiscal considerations to the university of House Bill 6 are very favorable, with the exception of endowment income. At a time of declining state revenues, this legislation would be helpful to the university in soliciting operating funding from alternative sources.

Corporations who now make charitable contributions will have an incentive to channel them toward qualifying institutions, as they will have an economic incentive to do so. Losses to the Alaska state treasury from the tax credit will be offset by corresponding gains — twice as large as the losses — to Alaska educational institutions.

This is particularly important in the case of multi-state corporations, who will, if the measure passes, have a strong economic incentive to contribute to qualifying educational institutions in Alaska, rather than institutions in other states. Non-Alaska tax-deductible organizations will tend to lose contributions as corporations operating in Alaska will retain a greater amount of net income by redirecting their contributions to qualifying Alaska educational institutions.

The denial of eligibility for contributions accepted for endowment purposes would, however, be detrimental to current efforts by the university. The university is seeking through the University of Alaska Foundation to increase the size of its endowments and to create endowed chairs in areas of excellence. Provisions in the bill which deny eligibility for endowment contributions will create disincentives for corporations and

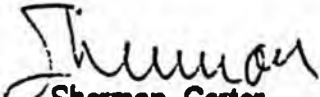
The Honorable Max Gruenberg
January 29, 1987

Page 2

individuals to contribute to endowments; those wishing to contribute to the university will receive additional economic benefits if they contribute to current operations rather than endowments. While the approach taken in the legislation is more beneficial in the short term, allowance of tax credits for endowment purposes is more beneficial in the long term.

Projecting the actual fiscal impact of this legislation to the university cannot be accurately calculated at this time. We estimate that the university could potentially receive between \$250,000 and \$1 million annually under the educational tax credit program. The appropriate fiscal note forms and backup are attached. If you need any further information, please do not hesitate to call me or Brian Rogers at 474-6490.

Sincerely,


Sherman Carter
Executive Vice President

cc: The Honorable Niilo Koponen and Johnny Ellis, co-chairs,
House HESS Committee
Liz Blecker, Division of Legislative Finance
Janet Clarke, Office of Management and Budget
Wendy Redman, Director of Government Relations

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 585 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 9, 1987

SUBJECT: Sectional Analysis of HB 6
TO: Representative Max Gruenberg
FROM: Theresa L. Bannister ^{TB}
Legislative Counsel

You have requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1 describes the purpose of the bill.

Section 2. Sec. 43.20.014(a) allows a credit against corporate income tax liability for certain cash contributions to certain colleges and universities. Puts a ceiling on the credit. Prohibits claiming a credit under another provision of AS 43 with the same contribution used to obtain the credit under this section. Prohibits using the same contribution to obtain a state corporate income tax deduction under 26 U.S.C. 170 (charitable, etc., contributions and gifts).

Sec. 43.20.014(b) states that contributions accepted for endowment purposes are not eligible for the credit.

Sec. 43.20.014(c) requires the Department of Revenue to report to the Legislative Budget and Audit committee each year on the credits taken under this section. Requires public colleges and universities to indicate in their annual operating budget requests the contributions that were received and how they were used.

Section 3 states that a taxpayer under AS 43.20 may only take a deduction under 26 U.S.C. 170 if the taxpayer makes the contribution payment before the last day of the taxable year.

Section 4. Sec. 43.55.019(a) allows a credit against the tax liability under AS 43.55 (oil and gas properties production tax) for certain cash contributions to certain colleges and universities. States that the credit can only be applied against the tax liability that accrues during the month the contribution is made. Puts a ceiling on the credit. Prohibits claiming a credit under another provision of AS 43 with the same contribution used to obtain the credit under this section.

Sec. 43.55.019(b) states that contributions accepted for endowment purposes are not eligible for the credit.

Sec. 43.55.019(c) requires the Department of Revenue to report to the Legislative Budget and Audit committee each year on the credits taken under this section. Requires public colleges and universities to indicate in their annual operating budget requests the contributions that were received and how they were used.

Section 5. Sec. 43.56.018(a) allows a credit against tax liability under AS 43.56 (oil and gas exploration, production and pipeline transportation property tax) for certain cash contributions to certain colleges and universities. States that the credit can only be applied against the tax liability that accrues during the month the contribution is made. Puts a ceiling on the credit. Prohibits claiming a credit under another provision of AS 43 with the same contribution used to obtain the credit under this section.

Sec. 43.56.018(b) states that contributions accepted for endowment purposes are not eligible for the credit.

Sec. 43.56.018(c) requires the Department of Revenue to report to the Legislative Budget and Audit committee each year on the credits taken under this section. Requires public colleges and universities to indicate in their annual operating budget requests the contributions that were received and how they were used.

Section 6. Sec. 43.65.018(a) allows a credit against tax liability under AS 43.65 (mining license tax) for certain

cash contributions to certain colleges and universities. Puts a ceiling on the credit. Prohibits claiming a credit under another provision of AS 43 with the same contribution used to obtain the credit under this section.

Sec. 43.65.018(b) states that contributions accepted for endowment purposes are not eligible for the credit.

Sec. 43.65.018(c) requires the Department of Revenue to report to the Legislative Budget and Audit committee each year on the credits taken under this section. Requires public colleges and universities to indicate in their annual operating budget requests the contributions that were received and how they were used.

Section 7. Sec. 43.75.018(a) allows a credit against tax liability under AS 43.75 (fisheries business tax) for certain cash contributions to certain colleges and universities. Puts a ceiling on the credit. Prohibits claiming a credit under another provision of AS 43 with the same contribution used to obtain the credit under this section.

Sec. 43.75.018(b) states that contributions accepted for endowment purposes are not eligible for the credit.

Sec. 43.75.018(c) requires the Department of Revenue to report to the Legislative Budget and Audit committee each year on the credits taken under this section. Requires public colleges and universities to indicate in their annual operating budget requests the contributions that were received and how they were used.

Section 8 states that the term "tax revenue collected" under AS 43.75.130 (refunds to local governments) includes the amount credited under AS 43.75.018.

Section 9 states to what contributions the provisions of this Act apply.

TLB:mkr
m8/108



Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

OFFICIAL BUSINESS

POUCHV
JUNEAU, AK 99811
465-3759

February 9, 1987

M E M O R A N D U M

TO: House HESS Committee members
FROM: Committee Staff
SUBJECT: HB 6 -- Tax Credits for higher education institutions

The equivalent to HB 6, HB 688, was introduced last year by Representative Gruenberg. HB 688 was modified four times and died in the Senate Finance Committee on May 10, 1986. The last version of HB 688 is the same as the present HB 6.

HB 6 would provide colleges and universities with an additional source of funding by giving a 50% tax credit to taxpayers, producers of oil and gas, oil and gas property owners, and people engaged in mining and fishing who contribute to those institutions.

The main changes in the bill from the original HB 688 are that contributions accepted for endowment purposes are not eligible for the tax credit, that the contributions must be cash contributions, and that the credit may not exceed the lesser of 10% of the amount of tax due or \$10,000. The cap limits the amount of tax revenue lost to the general fund. The maximum amount of general revenue funds that could be lost by the tax credit program was estimated by the House Finance Committee to be approximately \$7.5 million.

Making endowment contributions ineligible for the tax credit will ensure that the contributions are used for current operating expenses which, in turn, will allow the University's operating budget allocation to be reduced. If endowments were eligible for the tax credit, then the general fund could receive less money but at the same time have to allocate the same amount of funds to the University.

Introduced: 1/19/87
Referred: Health, Education &
Social Services and Finance

BY GRUENBERG, KOPONEN, FRANK,
HANLEY, NAVARRE, PHILLIPS,
GRUSSENDORF, DONLEY AND ELLIS

1 IN THE HOUSE

2

HOUSE BILL NO. 6

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act allowing tax credits for contributions to
7 certain educational institutions; and restricting
8 state tax deductions under 26 U.S.C. 170."

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

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

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

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

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

28 (c) By September 30 of each year, the Department of Revenue
29 shall report to the Legislative Budget and Audit Committee on the

1 credits taken under this section. Each public college and university
2 shall include in its annual operating budget request contributions
3 received and how the contributions were used.

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

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

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

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

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

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

28 Sec. 43.56.018. OIL OR GAS PROPERTY EDUCATION CREDIT. (a) The
29 owner of property taxable under this chapter is allowed as a credit

1 against the tax due under this chapter 50 percent of cash contribu-
2 tions accepted for direct instruction, research, and educational
3 support purposes, including library and museum acquisitions, by an
4 accredited, nonprofit, public or private, Alaska, two- or four-year,
5 college or university. The credit may only be applied against the tax
6 liability accruing during the month the contribution is made. The
7 credit may not exceed the lesser of 10 percent of the amount of tax
8 due under this chapter or \$1,000. A contribution claimed as a credit
9 under this section may not be claimed as a credit under another
10 provision of this title.

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

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

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

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

29 (b) Contributions accepted for endowment purposes are not

1 eligible for the credit under (a) of this section.

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

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

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

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

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

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

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

28 * Sec. 9. The provisions of this Act apply to contributions made after
29 December 31, 1987.

CSHB

7



Alaska State Legislature

SENATE

Committee on Finance

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

February 8, 1988

MEMORANDUM

TO: Senate Finance Committee Members

FROM: Senator Rick Halford, Co-Chairman
Senate Finance Committee *Rick*

SUBJECT: Updated Fiscal Notes for House Bill 7

On February 1, 1988, the Senate approved House Bill 7 (Volunteer Guardian Ad Litem Program) which has now been sent to the Governor. A question has arisen regarding the fiscal notes to the bill which I want to discuss with the committee.

Last session, Senate Finance Committee passed out HB 7 with the attached fiscal note indicating a first year program cost of 63.1 to fund an attorney position and related costs. The second year program costs added a clerk typist, bringing its total to 99.3.

AS 24.08.035 requires that all fiscal notes contain information for the current fiscal year and five succeeding fiscal years. For this reason, agencies are providing updated fiscal notes for any carry over legislation. This is explained in the attached December 3, 1987 memo from Jay Hogan which also states that "changes in the fiscal note form for the 1988 session are limited to updating the fiscal years...".

When Senate Rules Committee requested an updated fiscal note for HB 7, the Office of Public Advocacy (OPA) changed its fiscal information so that the program's first year costs would be 103.7 (the cost of both the attorney and clerk typist). OPA is asking that the higher fiscal note be funded.

The issues which I would like to discuss with the committee are:

1. For HB 7, which fiscal note would the committee like included in the budget bill; and

2. For other bills in Rules where a substantive change is made in an updated fiscal note, does the Committee want to request that Rules refer the bill back to Finance for the committee's further review (please note that only fiscal notes approved by the Finance Committees are reflected in the BASIS computer system).

Your input and guidance will be welcomed.

RECEIVED FEB 5 1988

updated

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS for HB7 (Final)
PUBLISH DATE: 1/19/87

FISCAL NOTE

REQUEST:

Revision Date: 1/20/88
Title: "An Act relating to volunteer
guardian ad litem program . . ."
Sponsor: Rep. Sund
Requestor:

Agency Affected: Administration
BRU: Office of Public Advocacy
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		84.5	87.9	91.4	95.1	98.9
TRAVEL		3.7	3.8	3.9	4.0	4.1
CONTRACTUAL		2.6	2.1	2.2	2.3	2.4
SUPPLIES		2.0	2.1	2.2	2.3	2.4
EQUIPMENT		11.5				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		103.7	95.9	99.7	103.7	107.8

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		103.7	95.9	99.7	103.7	107.8
FEDERAL FUNDS						
OTHER						
TOTAL		103.7	95.9	99.7	103.7	107.8

POSITIONS:

FULL-TIME		2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Brant McGee, Public Advocate
Division: Office of Public Advocacy

Phone: 274-1684
Date: 1/20/88

Approved by Commissioner: John Andrews
Agency: Department of Administration

Date: 1/27/88

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

Position Title Associate Attorney II		No. of Positions 1	Range/Step 19/A	Barg. Unit X	
Time Status PFT	Staff Months 12	Location Anchorage-EBA		Election District 8	
Type of Expenditure		Justification			
		<p>An Associate Attorney II position to act as program director is essential if the CASA, volunteer guardian ad litem program is to be successfully implemented. It is not possible for present staff positions to carry a full guardian ad litem case-load and assume the duties of establishing and coordinating the volunteer program. The half-time position that is currently funded by federal and private money is inadequate and ends in February 1988. It is anticipated that the program director will coordinate recruitment, screening and training of volunteers in the Anchorage area. The program director will also be responsible for establishing similar volunteer programs in Fairbanks and Ketchikan, and will study the feasibility of establishing such a program in the rural areas of Alaska. Additionally, the position will be devoted to extensive community education and fundraising for the project.</p>			
Amount					
1	2				3
Salary	40,236				
Benefits	14,777				
Premium Pay					
Other					
Total Personal Services					55,013
Travel					
Contractual					
Commodities					2,000
Equipment					2,000
Other					2,429
Total Cost					61,442
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	61,442			
GF Program Receipts	1005				
Other					

**Request For
New Position**

Agency Department of Administration
 BRU Office of Public Advocacy
 Component Office of Public Advocacy

FY 89

Page 3 of 4
 Revised Date

CORRECTION

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

updated

RECEIVED FEB 5 1988

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CS for HB7 (Final)
PUBLISH DATE: 1/19/87

FISCAL NOTE

REQUEST:

Revision Date: 1/20/88
Title: "An Act relating to volunteer guardian ad litem program . . ."
Sponsor: Rep. Sund
Requestor:

Agency Affected: Administration
BRU: Office of Public Advocacy
Components:

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		84.5	87.9	91.4	95.1	98.9
TRAVEL		3.7	3.8	3.9	4.0	4.1
CONTRACTUAL		2.6	2.1	2.2	2.3	2.4
SUPPLIES		2.0	2.1	2.2	2.3	2.4
EQUIPMENT		11.5				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		103.7	95.9	99.7	103.7	107.8

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		103.7	95.9	99.7	103.7	107.8
FEDERAL FUNDS						
OTHER						
TOTAL		103.7	95.9	99.7	103.7	107.8

POSITIONS:

FULL-TIME		2.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Brant McGee, Public Advocate
Division: Office of Public Advocacy

Phone: 274-1684
Date: 1/20/88

Approved by Commissioner: John Andrews
Agency: Department of Administration

Date: 1/27/88

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 7

This bill relates to the establishment of a volunteer guardian ad litem program within the Office of Public Advocacy. This bill would substantially improve the ability of the Office of Public Advocacy to provide guardian ad litem representation to children in abuse and neglect cases as well as contested custody cases.

BUDGET ANALYSIS

<u>Personal Services</u>	<u>FY89</u>
Associate Attorney II - Range 19/A (FY88)	55.2
Clerk Typist III - Range 08/A (FY89)	29.3
	<u>84.5</u>
 <u>Travel</u>	
3 Trips to Ketchikan	3.7
3 Trips to Fairbanks	
 <u>Contractual</u>	
Advertising	2.0
Printing Training Material	
 <u>Supplies</u>	2.0
 <u>Equipment</u>	
Associate Attorney II	<u>11.5</u>
Clerk Typist III	
	 TOTAL: 103.7

Position Title Associate Attorney II		No. of Positions 1	Range/Step 19/A	Barg. Unit X																										
Time Status PFT	Staff Months 12	Location Anchorage-EBA		Election District 8																										
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>Amount</th> </tr> <tr> <th>1</th> <th>2</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>40,236</td> </tr> <tr> <td>Benefits</td> <td>14,777</td> </tr> <tr> <td>Premium Pay</td> <td></td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td>55,013</td> </tr> <tr> <td>Travel</td> <td></td> </tr> <tr> <td>Contractual</td> <td></td> </tr> <tr> <td>Commodities</td> <td>2,000</td> </tr> <tr> <td>Equipment</td> <td>2,000</td> </tr> <tr> <td>Other</td> <td>2,429</td> </tr> <tr> <td>Total Cost</td> <td>61,442</td> </tr> </tbody> </table>		Type of Expenditure	Amount	1	2	Salary	40,236	Benefits	14,777	Premium Pay		Other		Total Personal Services	55,013	Travel		Contractual		Commodities	2,000	Equipment	2,000	Other	2,429	Total Cost	61,442	Justification An Associate Attorney II position to act as program director is essential if the CASA, volunteer guardian ad litem program is to be successfully implemented. It is not possible for present staff positions to carry a full guardian ad litem case-load and assume the duties of establishing and coordinating the volunteer program. The half-time position that is currently funded by federal and private money is inadequate and ends in February 1988. It is anticipated that the program director will coordinate recruitment, screening and training of volunteers in the Anchorage area. The program director will also be responsible for establishing similar volunteer programs in Fairbanks and Ketchikan, and will study the feasibility of establishing such a program in the rural areas of Alaska. Additionally, the position will be devoted to extensive community education and fundraising for the project.		
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Other																														

**Request For
New Position**

Agency Department of Administration
BRU Office of Public Advocacy
Component Office of Public Advocacy

Page 3 of 4
Revised Date

FY 89

Position Title Clerk-Typist III		No. of Positions 1	Range/Step 08/A	Barg. Unit G
Time Status PFT	Staff Months 12	Location Anchorage-EBA		Election District 8
Type of Expenditure		Amount		
1	2	3		
Salary	19,572			
Benefits	9,742			
Premium Pay				
Other				
Total Personal Services		29,314		
Travel				
Contractual				
Commodities				
Equipment		9,338		
Other				
Total Cost		38,652		
Funding Source for Total Cost				
Federal Receipts	1002			
G. E. Match	1003			
General Fund	1004	38,652		
GF Program Receipts	1005			
Other				
Justification				
<p>A Clerk Typist III position will be needed to provide clerical support to the volunteer guardian ad litem program director. At present, Office of Public Advocacy has only three clerical support positions who provide clerical support to a professional staff of twelve in the Anchorage office. It is not possible for the present secretarial positions to absorb the additional clerical support generated by the program director and the volunteer program.</p>				

**Request For
New Position**

Agency Department of Administration
 BRU Office of Public Advocacy
 Component Office of Public Advocacy

Page 4 of 4
 Revised Date

FY 89

Original

No. 2

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

198

REQUEST: _____

Bill Version: CSHB 7(Fin)
Publish Date: HOUSE 3/20/87

Revision Date: 2/09/87

Agency Affected: Administration
BRU: Office of Public Advocacy

Title: "An Act relating to volunteer guardian ad litem program..."

Sponsor: Rep. Sund

Components: _____

Requestor: House #ESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		53.1	84.2	87.6	91.1	94.7
TRAVEL		3.6	3.7	3.3	4.0	4.2
CONTRACTUAL		2.0	0	0	0	0
SUPPLIES		2.0	2.1	2.2	2.3	2.4
EQUIPMENT		2.4	9.3	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	63.1	99.3	93.6	97.4	101.3

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	63.1	99.3	93.6	97.4	101.3
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	63.1	99.3	93.6	97.4	101.3

POSITIONS:

FULL-TIME	-0-	1.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Brant McGee, Public Advocate
Division: Office of Public Advocacy

Phone: 274-1684
Date: 2/1/87

Approved by Commissioner: Garrett Peska, Commissioner
Agency: Department of Administration

Date: 2/10/87

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)
 - Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. _____

This bill relates to the establishment of a volunteer guardian ad litem program within the Office of Public Advocacy. This bill would substantially improve the ability of the Office of Public Advocacy to provide guardian ad litem representation to children in abuse and neglect cases as well as contested custody cases.

It is anticipated that the Office of Public Advocacy would need a program director position in FY88 and a clerk typist III position in FY89 in order to implement a volunteer guardian ad litem program.

BUDGET ANALYSIS

<u>Personal Services</u>	<u>FY88</u>	<u>FY89</u>
Associate Attorney II - Range 19/A (FY88)	53.1	55.2
Clerk Typist III - Range 08/A (FY89)	0	29.0
	<u>53.1</u>	<u>84.2</u>
 <u>Travel</u>		
3 Trips to Ketchikan		
3 Trips to Fairbanks	3.6	3.7
 <u>Contractual</u>		
Advertising		
Printing Training Material	2.0	0
 <u>Supplies</u>	2.0	2.1
 <u>Equipment</u>		
Associate Attorney II (FY88)	2.4	
Clerk Typist III (FY89)		9.3
	<u>2.4</u>	<u>9.3</u>
 TOTAL:	63.1	99.3

Position Title Associate Attorney II		No. of Positions 1	Range/Step 19/A	Org. Unit X
Time Status PTP	Staff Months 12	Location Anchorage-EBA		Election District 8
Type of Expenditure		Amount		
1		2		3
Salary		40,236		
Benefits		12,882		
Premium Pay				
Other				
Total Personal Services		53,118		
Travel				
Contractual		2,000		
Commodities		2,000		
Equipment		2,429		
Other				
Total Cost		59,547		
Funding Source for Total Cost				
Federal Receipts 1002				
A.P. Match 1003				
General Fund 1001		59,547		
IA Receipts 1006				
CIP Receipts 1061				
Other				
<p>Justification An Associate Attorney II position to act as program director is essential if the CASA, volunteer guardian ad litem program is to be successfully implemented. It is not possible for present staff positions to carry a full guardian ad litem case-load and assume the duties of establishing and coordinating the volunteer program. The half-time position that is currently funded by federal and private money is inadequate and ends in February, 1988. It is anticipated that the program director will coordinate recruitment, screening and training of volunteers in the Anchorage area. The program director will also be responsible for establishing similar volunteer programs in Fairbanks and Ketchikan, and will study the feasibility of establishing such a program in the rural areas of Alaska. Additionally, the position will be devoted to extensive community education and fundraising for the project.</p>				

Page 3 of 4

No. 2
CSHB 7 (Fin)
3/20/87

**Request For
New Position**

Agency Department of Administration
ORU Office of Public Advocacy
Component Office of Public Advocacy

FY 88

Page 3 of 4
Revised Date

Position Title Clerk Typist III		No. of Positions 1	Range/Step 00/A	Org. Unit G
Time Status PT	Staff Months 12	Location Anchorage-EBA		Election District B
Justification				
A Clerk Typist III position will be needed to provide clerical support to the volunteer guardian ad litem program director. At present, Office of Public Advocacy has only 3 clerical support positions who provide clerical support to a professional staff of 12 in the Anchorage office. It is not possible for the present secretarial positions to absorb the additional clerical support generated by the program director and the volunteer program.				
Type of Expenditure		Amount		
1	2	3		
Salary	21,078			
Benefits	7,954			
Premium Pay				
Other				
Total Personal Services		29,032		
Travel				
Contractual				
Commodities				
Equipment		9,338		
Other				
Total Cost		38,370		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	38,370		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

Page 4 of 4

No. 2
CSHB 7 (Fin)
3/20/87

**Request For
New Position**

Agency Department of Administration
 BRU Office of Public Advocacy
 Component Office of Public Advocacy

FY 89

Page 4 of 4
 Revised Date _____

MEMORANDUM

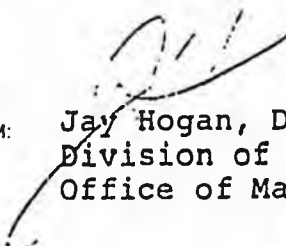
State of Alaska

TO: All Agencies

DATE: December 3, 1987

FILE NO: dbr02/DBR9

TELEPHONE NO: 465-3568

FROM:  Jay Hogan, Director
Division of Budget Review
Office of Management and Budget

SUBJECT: Fiscal Note Preparation

During the legislative session State agencies will be requested, once again, to provide detailed information regarding the fiscal implications of proposed legislation. As in the past, the fiscal note will be used to accomplish this task (as prescribed in AS 24.08.035, attached). To provide legislators with timely and objective fiscal data, please follow these instructions when completing and processing fiscal notes.

Changes in the fiscal note form for the 1988 session are limited to updating the fiscal years and making a minor format change to accommodate the Senate Secretary and Chief Clerk's offices.

I N S T R U C T I O N S

REQUEST

AS 24.08.035, attached, provides that before a bill--other than an appropriation bill--or a resolution is reported from committee of first referral, a fiscal note must be attached. The fiscal note will normally be requested by phone by various committees of the Legislature. (Copies of all proposed legislation are available from the Documents Room on the ground floor of the Capitol Building, and fiscal note forms have been sent to each department's Legislative Liaison. Additional forms are available from this office upon request.)

The fiscal note should specify the correct version of the bill/resolution for which the fiscal note is prepared (committee substitute, amended version, etc.).

Prompt submission of the fiscal note is essential! Unless otherwise requested, the time for delivery of a fiscal note to the legislative committee is not more than five work days following the request. Requests made after the 90th legislative day require delivery of the fiscal note within two days.

EXPENDITURES/REVENUE

Expenditures: "Expenditures" means the added/deleted cost of the proposed program addition or change and should not include current level program expenditures. If State

expenditures will be reduced by the proposed legislation, the amount should be shown in parentheses. All expenditures should be expressed in thousands of dollars rounded to the nearest hundred (e.g., \$7,757 = \$7.8). If there are no expenditures for the indicated years, enter a zero.

Revenue: Increases or decreases to State revenue should be identified. Revenue reductions should be shown in parentheses. Explanation should be provided in the Assumptions Section.

Funding: In addition to showing the fund sources for any required increase in expenditures, use this section to show an increase or decrease in revenues attributable to the legislation. Identify "other" funds.

ANALYSIS

The analysis should be concise and limited to one additional page. Only information which is needed to explain or justify the expenditures or revenue change should be included. Other types of information or more detailed fiscal information should be presented as a separate attachment. Your analysis should cover the following areas as required:

Assumptions: Identify the specific assumptions upon which the expenditures detail is based.

Program Summary: A concise narrative summary of the operational program funded in the expenditure section should be provided. Minimum informational requirements are:

1. Positions: List any new positions required according to job classification title. Attach a FY 89 Request for New Position form for each type of position title requested, showing the salary, benefits, and related support costs for each. Justification for the position should include a brief job description.
2. Other Expenditures: Identify and justify major expenditure items.
3. Funding: Furnish the basis of any estimate for "Federal" or "Other funds or a change in revenue.
4. Section Cost Analysis: The fiscal detail for a lengthy bill may be the sum of costs for various sections of the bill. If so, the analysis should allocate total cost among the various sections of the bill.

Computations: If a "formula" method is used in determining the data shown in the Expenditures section, show your

computations in sequence. Clearly identify the elements and mathematical processes that are used in each step.

Economic Impact: Some program changes may have little effect on the State budget, but may significantly impact the State's economy. Agency comments on projected economic impact should be included as part of the analysis.

Impact on Local Government: If the bill will have fiscal impact on local governments, please note this fact. Detailed information on this impact may be requested separately.

Attachments: (Optional) Additional information that should be considered during discussion of the proposed legislation may be attached to the fiscal note. Some examples are:

1. Agency comments regarding the legislation itself-- suggested revisions, effect upon existing or proposed programs, alternative legislation, etc.
2. Pertinent agency memoranda relating to the subject area of the legislation.
3. Charts or graphs.
4. Pertinent articles from newspapers, magazines, professional publications, etc.

SIGNATURES

Prepared By: The name of the person who prepared the fiscal note, the division and phone number of the preparer should be indicated. If more than one division within a department is affected by the legislation, the department should consolidate the fiscal notes and explain this in the Assumptions section.

Approved by Commissioner: The commissioner or a designee should sign the fiscal note.

FISCAL NOTE ROUTING

Bills Introduced by the Legislature

The department should send the original fiscal note to Legislative Finance. Copies should be sent to the legislative sponsor, the requesting legislative committee, the Office of Management and Budget, and impacted State agencies. A copy of the bill should be attached to the Office of Management and Budget copy. Based on criteria approved by the Governor, the Office of Management and Budget will review fiscal notes and, if necessary, request that the department prepare a revised fiscal note.

Bills Introduced by Request of the Governor

After the department has obtained a final draft or proposed legislation from the Department of Law, a fiscal note and a memo from the commissioner approving the draft legislation should be prepared. These items should be sent as a package to the Governor's Legislative Liaison Office. The Legislative Liaison Office will send all materials pertaining to the proposed legislation including the fiscal note to the Division of Budget Review. Budget Review will review the fiscal note and request any necessary changes from the department. The Legislative Liaison Office will then make the necessary distribution.

* * * * *

It is critical that all your staff understand and follow these procedures. If you have any further questions, please contact your budget analyst at the Division of Budget Review.

Attachments

(8) a fiscal impact projection for the current fiscal year and for the succeeding five fiscal years; and

(9) formal information consisting of

(A) the bill or resolution number,

(B) the name of the prime sponsors,

(C) the date the fiscal note was prepared,

(D) the name of the committee requesting the fiscal note,

(E) the name and phone number of the person who prepared the fiscal note, and

(F) the budget request unit, program, or subprogram affected.

(d) The original of a fiscal note shall be submitted to the Division of Legislative Finance and copies shall be sent to the prime sponsor, the committee requesting the fiscal note, and the office of management and budget. (§ 1 ch 153 SLA 1968; am § 1 ch 20 SLA 1972; am § 1 ch 42 SLA 1976; am § 2 ch 60 SLA 1979; am §§ 3, 4 ch 63 SLA 1983)

Revisor's notes. — Formerly AS 24.30.035. Renumbered in 1985.

Effect of amendments. — The 1983 amendment designated the existing language as subsection (a) and added subsections (b), (c), and (d); and in present subsection (a), in the first sentence inserted "or resolution, except an appropriation bill," following "Before a bill" and

substituted "current fiscal year and five succeeding fiscal years" for "ensuing fiscal year and at least two succeeding fiscal years", in the second sentence inserted "in conformity with the requirements of this section" and added the language beginning "and may be reviewed", and inserted the present third sentence.

Sec. 24.08.036. Fiscal notes on bills affecting state retirement systems. Before a bill which would have an effect on the retirement systems of the state is reported to the rules committee, there shall be attached to the bill an analysis of the long-term and short-term costs to the state if the bill is adopted, as well as the impact of the bill on the actuarial soundness of the fund. The analysis is in addition to the fiscal note requirements of AS 24.08.035. (§ 2 ch 130 SLA 1977; am § 3 ch 60 SLA 1979; am § 81 ch 6 SLA 1984)

Revisor's notes. — Enacted as AS 24.30.037. Renumbered as AS 24.30.036 in 1977. Renumbered again in 1985.

Effect of amendments. — The 1984

amendment deleted "shall be prepared by the Legislative Board of Retirement Benefits and" following "analysis" in the second sentence.

Sec. 24.08.037. General obligation bond bills. A bill authorizing the issuance of general obligation bonds creating a state debt for capital improvements shall contain a statement of the scope of each project included in the proposed bond issue. The statement shall include a brief description of each capital improvement project, its location, and, in dollars, that portion of the total bond issue to be allocated to the project. (§ 2 ch 70 SLA 1973; am § 30 ch 197 SLA 1975)

Sec. 24.08.030. Appropriation bills. Bills for appropriation shall be confined to appropriations and shall include the amount involved and the purpose, method, manner and other related conditions of payment. (§ 31 ch 157 SLA 1959)

Revisor's notes. — Formerly AS 24.30.030. Renumbered in 1985.

Sec. 24.08.035. Fiscal notes on bills. (a) Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease which would result from enactment of the bill for the current fiscal year and five succeeding fiscal years or, if the bill has no fiscal impact, a statement to that effect shall be attached. The fiscal note or statement shall be prepared in conformity with the requirements of this section by the department or departments affected and may be reviewed by the office of management and budget. The fiscal note or statement shall be delivered to the committee requesting it within five days of the request or within two days if the request is made after the 90th day of a regular session, or during a special session of the legislature. If the bill is presented by the governor for introduction in accordance with AS 24.08.060(b) and the uniform rules of the legislature, the fiscal note or statement shall be attached to the bill before the bill is introduced. An amendment or a substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

(b) In addition to the fiscal note required by this section, the sponsor of a bill or resolution may prepare a fiscal note in conformity with the requirements of this section and submit it to the committee of first referral or the finance committee. A committee may prepare an additional fiscal note in conformity with the requirements of this section.

(c) A fiscal note for a bill or resolution must contain the following information:

- (1) the fiscal impact on existing programs;
- (2) the fiscal impact of new programs or activities;
- (3) a line item detail of the fiscal impact;
- (4) the source of funds expected to be utilized by general fund source, federal fund source, or other identified source;
- (5) the number of new positions which may be required, identified as full-time, part-time, or temporary;
- (6) an analysis of how the figures in the fiscal note were derived;
- (7) additional information necessary to explain the fiscal note;

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: _____

Agency Affected: _____
BRU: _____

Sponsor: _____
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
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)

Prepared by: _____ Phone: _____
Division: _____ Date: _____

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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

Position Title		No. of Positions	Range/Step	Barg. Unit		
Time Status	Staff Months	Location		Election District		
		Justification				
Type of Expenditure					Amount	
1	2				3	
Salary						
Benefits						
Premium Pay						
Other						
Total Personal Services						
Travel						
Contractual						
Commodities						
Equipment						
Other						
Total Cost						
Funding Source for Total Cost						
Federal Receipts	1002					
G. F. Match	1003					
General Fund	1004					
GF Program Receipts	1005					
Other						

**Request For
New Position**

Agency _____
 BRU _____
 Component _____

Page _____ of _____
 Revised Date _____

FY 89

SENATE COMMITTEE REPORT

FURTHER:

5/13/87

DATE TURNED INTO OFFICE 5/16/87

Mr. President:

FINANCE

Committee considered CSHB 7(Fin)

office of public advocacy and volunteer guardians ad litem.

and recommended:

[] replace with CS FOR _____) [] same title
[] or adopt _____ CS FOR _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[✓] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [✓] attached or [] adopted fiscal note(s)

[] new [] updated or [✓] previous
[] zero [✓] fiscal impact

MEMBERS SIGNING DO PASS

[Handwritten signatures]

OTHER RECOMMENDATIONS

[Handwritten signatures]

Chairman signature and recommendation

[] Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____ Bill Version: HB 7
 _____ Publish Date: 1/19/87
 Revision Date: 2/09/87 Agency Affected: Administration
 Title: "An Act relating to volunteer guardian ad litem program..." BRU: Office of Public Advocacy
 Sponsor: Rep. Sund Components: _____
 Requestor: House HESS _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		53.1	84.2	87.6	91.1	94.7
TRAVEL		3.6	3.7	3.8	4.0	4.2
CONTRACTUAL		2.0	0	0	0	0
SUPPLIES		2.0	2.1	2.2	2.3	2.4
EQUIPMENT		2.4	9.3	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	63.1	99.3	93.6	97.4	101.3

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	63.1	99.3	93.6	97.4	101.3
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	63.1	99.3	93.6	97.4	101.3

POSITIONS:

FULL-TIME	-0-	1.0	2.0	2.0	2.0	2.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Brant McGee, Public Advocate Phone: 274-1684
 Division: Office of Public Advocacy Date: 2/17/87
 Approved by Commissioner: Garrey Peska, Commissioner Date: 2/10/87
 Agency: Department of Administration

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 7

This bill relates to the establishment of a volunteer guardian ad litem program within the Office of Public Advocacy. This bill would substantially improve the ability of the Office of Public Advocacy to provide guardian ad litem representation to children in abuse and neglect cases as well as contested custody cases.

It is anticipated that the Office of Public Advocacy would need a program director position in FY88 and a clerk typist III position in FY89 in order to implement a volunteer guardian ad litem program.

BUDGET ANALYSIS

<u>Personal Services</u>	<u>FY88</u>	<u>FY89</u>
Associate Attorney II - Range 19/A (FY88)	53.1	55.2
Clerk Typist III - Range 08/A (FY89)	0	29.0
	<u>53.1</u>	<u>84.2</u>
 <u>Travel</u>		
3 Trips to Ketchikan		
3 Trips to Fairbanks	3.6	3.7
 <u>Contractual</u>		
Advertising		
Printing Training Material	2.0	0
	2.0	2.1
 <u>Supplies</u>		
 <u>Equipment</u>		
Associate Attorney II (FY88)	2.4	
Clerk Typist III (FY89)	<u> </u>	<u>9.3</u>
TOTAL:	63.1	99.3

Position Title Associate Attorney II		No. of Positions 1	Range/Step 19/A	Org. Unit X																										
Time Status PFT	Staff Months 12	Location Anchorage-EBA		Election District 8																										
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>2</td> </tr> <tr> <td>Salary</td> <td>40,236</td> </tr> <tr> <td>Benefits</td> <td>12,882</td> </tr> <tr> <td>Premium Pay</td> <td></td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td>53,118</td> </tr> <tr> <td>Travel</td> <td></td> </tr> <tr> <td>Contractual</td> <td>2,000</td> </tr> <tr> <td>Commodities</td> <td>2,000</td> </tr> <tr> <td>Equipment</td> <td>2,429</td> </tr> <tr> <td>Other</td> <td></td> </tr> <tr> <td>Total Cost</td> <td>59,547</td> </tr> </tbody> </table>		Type of Expenditure	Amount	1	2	Salary	40,236	Benefits	12,882	Premium Pay		Other		Total Personal Services	53,118	Travel		Contractual	2,000	Commodities	2,000	Equipment	2,429	Other		Total Cost	59,547	Justification An Associate Attorney II position to act as program director is essential if the CASA, volunteer guardian ad litem program is to be successfully implemented. It is not possible for present staff positions to carry a full guardian ad litem case-load and assume the duties of establishing and coordinating the volunteer program. The half-time position that is currently funded by federal and private money is inadequate and ends in February, 1988. It is anticipated that the program director will coordinate recruitment, screening and training of volunteers in the Anchorage area. The program director will also be responsible for establishing similar volunteer programs in Fairbanks and Ketchikan, and will study the feasibility of establishing such a program in the rural areas of Alaska. Additionally, the position will be devoted to extensive community education and fundraising for the project.		
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**Request For
New Position**

Agency Department of Administration
 BRU Office of Public Advocacy
 Component Office of Public Advocacy

Page 3 of 4
 Revised Date

FY 88

Position Title Clerk Typist III		No. of Positions 1	Range/Step 08/A	Barg. Unit G
Time Status PT	Staff Months 12	Location Anchorage-EBA		Election District 8
Justification				
A Clerk Typist III position will be needed to provide clerical support to the volunteer guardian ad litem program director. At present, Office of Public Advocacy has only 3 clerical support positions who provide clerical support to a professional staff of 12 in the Anchorage office. It is not possible for the present secretarial positions to absorb the additional clerical support generated by the program director and the volunteer program.				
Type of Expenditure		Amount		
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Salary	21,078			
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Commodities				
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Total Cost		38,370		
Funding Source for Total Cost				
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General Fund	1001	38,370		
FA Receipts	1006			
CIP Receipts	1061			
Other				

**Request for
New Position**

Agency Department of Administration
 BRU Office of Public Advocacy
 Component Office of Public Advocacy

FY 89

Page 4 of 4
 Revised Date _____

Original sponsors: Sund, Gruenberg
and Goll

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 7 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the office of public advocacy and
7 volunteer guardians ad litem."

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

9 * Section 1. AS 44.21.410 is amended to read:

10 Sec. 44.21.410. POWERS AND DUTIES [OF PUBLIC ADVOCACY OFFICE].

11 (a) The office of public advocacy shall

12 (1) perform the duties of the public guardian under AS 13.-
13 26.360 - 13.26.410;

14 (2) provide visitors and experts in guardianship proceed-
15 ings under AS 13.26.131;

16 (3) provide guardian ad litem services to children in child
17 protection actions under AS 47.17.030(e) and to wards and respondents
18 in guardianship proceedings who will suffer financial hardship or
19 become dependent upon a government agency or a private person or
20 agency if the services are not provided at state expense under AS 13.-
21 26.112;

22 (4) provide legal representation in guardianship proceed-
23 ings to respondents who are financially unable to employ attorneys
24 under AS 13.26.106(b), to indigent parties in cases involving child
25 custody in which the opposing party is represented by counsel provided
26 by a public agency, and to indigent parents or guardians of a minor
27 respondent in a commitment proceeding concerning the minor under
28 AS 47.30.775;

29 (5) provide legal representation and guardian ad litem

1 services under AS 25.24.310; in cases arising under the Uniform Inter-
2 state Compact on Juveniles (AS 47.15); in cases involving petitions to
3 adopt a minor under AS 25.23.125(b); in cases involving petitions to
4 remove the disabilities of a minor under AS 09.55.590; in children's
5 proceedings under AS 47.10.050(a); and in cases involving indigent
6 persons who are entitled to representation under AS 18.85.100 and who
7 cannot be represented by the public defender agency because of a
8 conflict of interests;

9 (6) develop and coordinate a program to recruit, select,
10 train, assign, and supervise volunteer guardians ad litem from local
11 communities to aid in delivering services in cases in which the office
12 of public advocacy is appointed as guardian ad litem.

13 (b) The commissioner of administration may

14 (1) adopt regulations that the commissioner considers
15 necessary to implement AS 44.21.400 - 44.21.440;

16 (2) report on the operation of the office of public advo-
17 cacy when requested by the governor or legislature or when required by
18 law;

19 (3) solicit and accept grants of funds from governments
20 [THE FEDERAL GOVERNMENT] and from persons [PRIVATE FOUNDATIONS], and
21 allocate or restrict the use of those funds as required by the gran-
22 tor.

23 * Sec. 2. AS 44.21.410 is amended by adding a new subsection to read:

24 (c) The commissioner of administration shall separately account
25 for money received under (b)(3) of this section and deposited in the
26 general fund. The annual estimated balance in the account may be used
27 by the legislature to make appropriations to the Department of Admin-
28 istration to carry out the purposes of this section.

29 * Sec. 3. AS 44.21 is amended by adding new sections to read:

1 Sec. 44.21.450. CIVIL LIABILITY OF VOLUNTEER GUARDIANS. (a) A
2 volunteer guardian ad litem under the supervision of the office of
3 public advocacy is not civilly liable for acts or omissions during the
4 good faith performance of duties as a guardian unless the acts or
5 omissions constitute gross negligence.

6 (b) This section does not affect the civil liability of the
7 office of public advocacy.

8 Sec. 44.21.460. NONATTORNEY VOLUNTEER GUARDIANS AD LITEM. A
9 nonattorney volunteer guardian ad litem may not give legal advice or
10 act in the capacity of attorney for a minor before a court or adminis-
11 trative agency.

12 Sec. 44.21.490. DEFINITION. In AS 44.21.410 - 44.21.490, "vol-
13 unteer guardian ad litem" means a court-appointed special advocate
14 (CASA).

07-02-05-00-00 (00-00-0-00-00-00)

STATE OF ALASKA -- COMPONENT BUDGET SUMMARY

SALSFRMA 12:56 1/28/87

AGENCY: DEPARTMENT OF ADMINISTRATION
CATEGORY: ADMINISTRATION OF JUSTICEPROGRAM: OFFICE OF PUBLIC ADVOCACY
SUB-PROGRAM:

LEG. FIN.

----- F I S C A L Y E A R 1 9 8 8 -----

EXPENDITURES & FUNDING	(01) FY86 ACT	(02) FY87 ATH	(03) FY87 REV	(04) TRANSFER	(05) DECRMTS	(06) INCRMNTS	(07)	(08) GOVERNOR	(09) HOUSE	(10) SENATE	(11) C. C.	(12) BILLS	(13) LEG.REC.
01 PERS. SERV.	1341.0	1380.3	1380.3	30.4		14.3		1425.0					
02 TRAVEL	73.1	131.0	131.0			3.1		134.1					
03 CONTRACTUAL	1878.2	2070.7	2070.7	-30.4				2040.3					
04 COMMODITIES	21.7	27.0	27.0			.1		27.1					
05 EQUIPMENT	4.4	20.0	20.0					20.0					
06 LANDS/BLDGS													
07 GRANTS, CLMS	30.0	30.0	30.0					30.0					
08 MISC.													
MM TOTAL EXPEND	3348.4	3659.0	3659.0			17.5		3676.5					
09 I-A TRANSFER													
1002 FED RCPTS						17.5		17.5					
1004 GEN FUND	3348.4	3659.0	3659.0					3659.0					
15 FULL TIME	25.0	25.0	25.0	1.0				26.0					
16 PART TIME													
17 TEMPORARY													
18 STAFF MONTHS	300.0	289.0	289.0	12.0				301.0					

07-02-05-00-00 (00-00-0-00-00-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

SALSFRMA 12:56 1/28/87

AGENCY: DEPARTMENT OF ADMINISTRATION
CATEGORY: ADMINISTRATION OF JUSTICE

PROGRAM: OFFICE OF PUBLIC ADVOCACY
SUB-PROGRAM:

LEG. FIN.

***** FY87 REV ANALYSIS *****

***** GOVERNOR'S ANALYSIS (87 REV TO 88 GOV) *****

TOTAL GEN_FUND	OTH_FUND	PFT	PPT	DESC
0.0	0.0	0.0	1.0	0.0 TRANSFER I/A REC. POS. INTO OPA #2035
0.0	0.0	0.0	0.0	0.0 GENERAL REDUCTION IN CONTRACTUAL #2036
17.5	0.0	17.5	0.0	0.0 ESTABLISH FED. FUNDS/VOLUNTEER GUARDIANS #2037

***** PROGRAM DESCRIPTION & PRIOR YEAR INFORMATION *****

1986 LEGISLATION: HB 574 (CH 130/SEC 2) \$825.9 GF FY86 SUPPLEMENTAL.

\$225.5 HB 574 (CH 130/SEC 30) 6323.3 GF COSTS OF: STATE VERSUS MACKAY ET AL. \$97.8 , STATE VERSUS PEEL

HB 7 - Volunteer Guardian Ad Litem Program

Letters of Support for the program are from:

Deborah O'Regan, Executive Director
Alaskan Bar Association

Frank Dalley, Regional Social Services Manager
Division of Family and Youth Services

Dana Fabe, Public Defender

Veronica Duke, Chief of Clinical Social Work Services
Division of Mental Health and Developmental Disabilities

Elizabeth Sheley, Assistant District Attorney

Ann Stockman, Director of Crisis Services
S.T.A.R.

Gordon Lantrip, Director
Alaska Baptist Family Services

Milli Andreini, Executive Director
The Center for Children and Parents

William D. Hitchcock
Master, Childrens Court, Third Judicial District

Pamela Kirk and Phillip Kaufman
Human Relations Center

Corrine Radergraham, Coordinator
Close Encounters and Alaska Permanency Planning Task Force

Douglas J. Serdahely, Presiding Judge
Third Judicial District

Rick Calcote
Ohlson Psychological Services

Ardis J. Cry, Custody Invesigator
Superior Court Third Judicial District

Yvonne Chase, Deputy Director
Southcentral Counseling Center

Peter Scales, PhD
Family Connection

Letters and petition signatures from 137 individuals.