

**ALASKA LEGISLATURE**

**2510**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004**

**GARY WILKEN**

SENATOR  
Fairbanks

Interim:  
1851 Fox Ave.  
Fairbanks, Alaska 99701  
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#B 79

During Session:  
State Capitol Building  
Juneau, Alaska 99801-1182  
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April 11, 2003

Honorable Edgar Blatchford, Commissioner  
AK Dept. of Community & Economic Development  
P.O. Box 110800  
Juneau, Alaska 99811-0800

Dear Commissioner Blatchford,

I'm writing in regard to ARDOR funding in the current and next year's state budget.

You will find in my Finance Subcommittee budget close-out for DCED the ARDOR programs were fully funded at the Governor's requested level. However, I would like to let you know that in the FY05 budget it is my intent to eliminate that funding. I'm not convinced the ARDOR programs are an effective investment of state dollars.

Nonetheless, I'm willing to consider continued funding for ARDOR programs in the FY05 budget if the budget subcommittee can have a clear understanding of the ARDORs' success in spurring significant economic development in the State. In order to facilitate that understanding, please provide my office with a complete analysis of the ARDOR programs by the beginning of the next legislative session in January, 2004.

Specifically, I'm interested in having a complete listing of all ARDORs in the state. Then, for each ARDOR, I'd like to review a cost-benefit analysis, organizational and staffing charts, funding history and sources, any connection to other related services or programs (public or private), the perceived successes and failures of each ARDOR, consumer input, respective ARDOR missions, and the method(s) by which they determine their successes.

I appreciate our attention to this matter, and look forward to considering this valuable information next year.

Sincerely Yours,

Gary Wilken  
State Senator, Fairbanks

**Component Detail - FY 04 Operating Budget - Gov Amd Structure**

**Numbers AND Language Sections!**

Component: **Community Advocacy**

Agency: **Department of Community and Economic Development**

BRU: **Community Assistance & Economic Development**

	<u>02Actual</u>	<u>03 CC</u>	<u>03 Auth</u>	<u>03MgtPln</u>	<u>Adj Base</u>	<u>Gov Amd</u>	<u>03MgtPln to Gov Amd</u>	
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>8,253.0</b>	<b>8,391.1</b>	<b>8,391.1</b>	<b>100.0 %</b>
<u>Objects of Expenditure:</u>								
Personal Services	0.0	0.0	0.0	0.0	4,424.0	4,424.0	4,424.0	100.0 %
Travel	0.0	0.0	0.0	0.0	400.0	400.0	400.0	100.0 %
Contractual	0.0	0.0	0.0	0.0	1,133.1	1,211.2	1,211.2	100.0 %
Commodities	0.0	0.0	0.0	0.0	65.0	65.0	65.0	100.0 %
Equipment	0.0	0.0	0.0	0.0	25.1	25.1	25.1	100.0 %
Lands/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0 %
Grants, Claims	0.0	0.0	0.0	0.0	2,205.8	2,265.8	2,265.8	100.0 %
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0 %
<u>Funding Sources:</u>								
1002 Fed Rcpts	0.0	0.0	0.0	0.0	1,403.7	1,403.7	1,403.7	100.0 %
1003 G/F Match	0.0	0.0	0.0	0.0	417.4	287.4	287.4	100.0 %
1004 Gen Fund	0.0	0.0	0.0	0.0	3,569.4	3,711.9	3,711.9	100.0 %
1005 GF/Prgm	0.0	0.0	0.0	0.0	18.7	18.7	18.7	100.0 %
1007 I/A Rcpts	0.0	0.0	0.0	0.0	2,014.4	2,074.4	2,074.4	100.0 %
1036 Cm Fish Ln	0.0	0.0	0.0	0.0	75.6	141.2	141.2	100.0 %
1061 CIP Rcpts	0.0	0.0	0.0	0.0	321.2	321.2	321.2	100.0 %
1108 Stat Desig	0.0	0.0	0.0	0.0	60.0	60.0	60.0	100.0 %
1111 FishFndInc	0.0	0.0	0.0	0.0	115.0	115.0	115.0	100.0 %
1156 Rcpt Svcs	0.0	0.0	0.0	0.0	257.6	257.6	257.6	100.0 %

ORDERS!  
\$650,000

SOURCE:  
I/A RCPTS

11379

HB 79

Department of Community & Economic Development  
 Division of Community & Business Development  
 ARDOR Grants For FY03 as of 4/1/03

Name of Grantee	Grant Amount	Amount Spent	Remaining Balance
Anchorage Economic Development Corp	51,246.00	46,121.40	5,124.60
Arctic Development Council	51,896.00	46,706.40	5,189.60
* Arctic Development Council	82,321.00	7,435.13	74,885.87
Bering Strait Development Council	51,846.00	23,910.00	27,936.00
* Copper Valley Economic Development Council	23,800.00	1,520.00	22,280.00
Copper Valley Economic Development Council	51,556.00	46,400.00	5,156.00
Fairbanks North Star Borough EDC	51,696.00	23,835.00	27,861.00
Kenai Peninsula Borough EDC	47,570.00	23,785.00	23,785.00
Lower Kuskokwim EDC	55,491.00	45,326.00	10,165.00
Mat-Su Resource Conservation & Development	51,476.00	46,328.00	5,148.00
Northwest Arctic Borough	51,846.00	46,661.00	5,185.00
Prince William Sound EDC	51,646.00	46,482.40	5,163.60
Southeast Conference	51,246.00	46,371.40	4,874.60
Southwest Municipal Conference	52,196.00	46,976.00	5,220.00
<b>TOTALS</b>	<b>725,832.00</b>	<b>497,857.73</b>	<b>227,974.27</b>

\* Grantees met additional federal requirements for additional funding

SENATE FINANCE COMMITTEE

SIGN-IN

HB 79-AK REGIONAL ECONOMIC ASSISTANCE PROGRAM

NAME: LOREN GERHARD Subject/Bill No: HB 79  
Co./Dept./Title: SOUTHEAST CONFERENCE Phone: 463 3445  
Address: 612 W WILLOUGHBY Zip: 99802  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
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NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_  
Do you wish to testify?  Yes  No  Respond To Questions

**SITE: FAIRBANKS LIO**

**COMMITTEE: SENATE FINANCE**

**DATE: May 6, 2003**

**SUBJECT OF MEETING:**

**HB 79**

**UPDATE #: 3**

## PLEASE SIGN IN

**P R I N T YOUR NAME**

**ADDRESS (MAILING & ZIP)**

**REPRESENTING**

**DO YOU WANT  
TO TESTIFY?  
Y OR N**

✓ <b>Janet Davison</b>		<b>FNSB</b>	<b>Y - HB 79</b>
Email address:			
✓ <b>Kathryn Dodge</b>		<b>FNSB</b>	<b>Y - HB 79</b>
Email address:			
✓ <b>Deb Hickok</b>		<b>FC&amp;VB</b>	<b>Y - HB79</b>
Email address:			
<b>Jim Dodson</b>			<b>Y - HB 79</b>
Email address:			
Email address:			
Email address:			
Email address:			

**SITE: ANCHORAGE LIO**

**COMMITTEE: SFIN**

**DATE: 5-6-03**

**SUBJECT OF MEETING:**

HB 79

**UPDATE #:**

## PLEASE SIGN IN

**P R I N T YOUR NAME**

**ADDRESS (MAILING & ZIP)**

**REPRESENTING**

**DO YOU WANT  
TO TESTIFY?  
Y or N**

✓ <b>Kevin Pearson</b>		AEDC	<b>Y-HB 79</b>
Email address:			
✓ <b>Sue Cogswell</b>		PWSEDD	<b>Y-HB 79</b>
Email address:			
✓ <b>Wanetta Ayers</b>		SWAMC	<b>Y-HB 79</b>
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			

**HB**

**84**

**HFIN**

**FILE**

23-LS0116Q

Mischel

5/5/04

**CS FOR HOUSE BILL NO. 84( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES KAPSNER, Kott, Weyhrauch, Harris, Berkowitz, Cissna, Crawford, Croft, Foster, Gara, Guttenberg, Heinze, Joule, Kerttula, Kookesh, McGuire, Meyer, Morgan, Moses, Stevens, Whitaker, Williams, Wilson, Holm, Gruenberg, Hawker, Stepovich, Samuels, Wolf, Anderson, Fate, Seaton**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to a curriculum for Alaska history; and providing for an effective**  
2 **date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **\* Section 1. AS 14.03.255(a) is amended to read:**

5 (a) A charter school operates as a school in the local school district except that  
6 the charter school (1) is exempt from the local school district's textbook, program,  
7 curriculum, and scheduling requirements; (2) is exempt from AS 14.14.130(c); the  
8 principal of the charter school shall be selected by the academic policy committee and  
9 shall select, appoint, or otherwise supervise employees of the charter school; and (3)  
10 operates under the charter school's annual program budget as set out in the contract  
11 between the local school board and the charter school under (c) of this section. A  
12 local school board may exempt a charter school from other local school district  
13 requirements if the exemption is set out in the contract. A charter school is subject to  
14 secondary school competency testing as provided in AS 14.03.075, to [AND] other

1 competency tests required by the department, and to the requirements of  
2 AS 14.30.440.

3 \* Sec. 2. AS 14.30 is amended by adding a new section to read:

4 **Article 7A. Alaska History Education.**

5 **Sec. 14.30.440. Alaska history education.** The department shall develop a  
6 standards-based Alaska history education curriculum within grades nine through 12.  
7 Each school board shall implement the curriculum as a part of regular classroom  
8 studies and shall require that each student complete the curriculum with a passing  
9 grade as a requirement for graduation. In this section, "curriculum" means a course of  
10 study that, by the completion of the 12th grade, is the equivalent of at least one  
11 semester.

12 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
13 read:

14 **APPLICABILITY.** This Act applies to students who begin the ninth grade on or after  
15 July 1, 2004.

16 \* Sec. 4. This Act takes effect July 1, 2004.

# Representative Mary Kapsner

State Capitol • Juneau, Alaska 99801-1182

Phone: (907) 465-4942 • Fax: (907) 465-4589

E-Mail: Representative\_Mary\_Kapsner@legis.state.ak.us



House District 38

Yukon Kuskokwim Delta

## MEMORANDUM

Aktachak

Aktak

Atnautluak

Bethel

Cheformak

Eek

Goodnews Bay

Kasigluk

Kipruk

Kongiganak

Kwethluk

Kwigillingok

Lower Kalskag

Mekoryuk

Napaklak

Napaskiak

Newtok

Nightmute

Nunapitchuk

Oscarville

Platinum

Quinhagak

Toksook Bay

Tuluksak

Tununak

Tuntutullak

Upper Kalskag

TO: Representative Bill Williams, Co-Chair  
House Finance Committee

FROM: Representative May Kapsner *Mk*

DATE: May 5, 2004

RE: House Bill 84  
Alaska History Curriculum

There is one change in CSHB 84 ( ) and CSHB 84(EDU):

Page 2, line 7 after "Each school board" the word "may" is changed to "shall"

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSHB 84(EDU)  
 (H) Publish Date: 4/14/04

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: EED  
 Title An Act relating to a curriculum for RDU Teaching & Learning Support  
Alaska History Component Quality Schools  
 Sponsor Rep. Kapsner  
 Requester House Special Comm. On EDU Component No. 2147

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Article 7A of this bill requires the department to develop a standards-based Alaska History curriculum, within grades 9-12. This secondary-based, Alaska standards-based curriculum is already being developed by the Alaska Humanities Forum. The Forum received \$400,000 of federal funding in 2003 to create this curriculum and additional federal funding in 2004. Representatives from the Forum presented information about the curriculum development to the State Board of Education at its March 2004 meeting. The curriculum is of extremely high quality, has been developed by experts in the field of Alaska history, and is on-line and interactive. The department believes that use of this curriculum is in order, rather than having the department create a separate Alaska History curriculum at additional cost to the state.

Prepared by: Barbara Thompson Phone 465-8727  
 Division Teaching & Learning Support Date/Time 4/13/04 1:47 PM  
 Approved by: Karen Rehfeld Date 4/13/2004  
 Agency Commissioner's Office

**CS FOR HOUSE BILL NO. 84(EDU)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE SPECIAL COMMITTEE ON EDUCATION

Offered: 4/14/01

Referred: Health, Education and Social Services, Finance

Sponsor(s): REPRESENTATIVES KAPSNER, Kott, Weyhrauch, Harris, Berkowitz, Cissna, Crawford, Croft, Foster, Gara, Guttenberg, Heinze, Joule, Kerttula, Kookesh, McGuire, Meyer, Morgan, Moses, Stevens, Whitaker, Williams, Wilson, Holm, Gruenberg, Hawker, Stepovich, Samuels, Wolf, Anderson, Fate

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# Representative Mary Kapsner

Capitol • Juneau, Alaska 99801-1182  
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House District 38  
Yukon Kuskokwim Delta

Aktachak  
Aldialk  
Atmautluak  
Bethel  
Chefornak  
Eek  
Goodnews Bay  
Kastigluk  
Kipnuk  
Kongiganak  
Kwethluk  
Kwigillingok  
Lower Kalskag  
Mekoryuk  
Napaktak  
Napaskiak  
Newtok  
Northmute  
Oapitchuk  
Oscarville  
Platinum  
Quinhagak  
Toksook Bay  
Tuluksak  
Tununak  
Tuntutuliak  
Upper Kalskag

## House Bill 84 Alaska History Curriculum Sponsor Statement

The face of Alaska is changing demographically, economically, and socially. The speed of this change makes it imperative for Alaska's students, our future leaders, to have a sound understanding of the State's history and its peoples. Knowledge of one's own state history, government and cultures is fundamental to being an informed and effective participant in state and local affairs. It is vital to the development of a representative democracy and civil society.

There has been interest in having Alaska History and Cultural Studies taught in our schools since the early years of statehood. Steady but slow progress has been made. One by one, Alaska's school districts have added Alaska history courses to their high school curriculum. The majority—but not all—of Alaska's 50-plus school districts now require a high school class. Teaching materials, once rare, are becoming more abundant and a new Alaska History and Cultural Studies curriculum will soon be available to any district at no cost, thanks to an initiative started by the Alaska Humanities Forum, funded by Senator Ted Stevens.

An Alaska History course requirement dovetails nicely with the existing social studies graduation requirement and does not need to add to the credit load required for graduation. A ½ credit Alaska History and Cultural Studies course could be part of the three social studies credits currently required of high school students for graduation.

This year 55 Alaskans traveled to Fairbanks to address questions about the financial future of Alaska. The symbolism invoked memories for many Alaskans of the 55 delegates assembling in Fairbanks to draft what the nation subsequently has hailed as a model state constitution. The history of our development of a state is unique. Understanding how we became a state and the role development of our resources has played in creating the character of Alaska is important to finding solutions to today's challenges and planning for our future.

We have a common destiny—whether our home is Barrow or Ketchikan, Anchorage or Eek—and we need to work together to make it a good one. Helping our students understand who we—*we Alaskans*—are will give them a better foundation to collectively create that future.

Does Not Require Alaska History or Alaska Studies	Requires High School	Requires Lower Grades
Chatham	Alaska Gateway (9-12)	Aleutian
Chugach	Aleutian	Aleutian East Boroug
Delta Greely	Aleutian East Borough (10)	Anchorage (2,3,7)
Denali Borough	Anchorage (December 2001)	Bering Strait (4)
Fairbanks North Star	Annette Island (9)	Bristol Bay Borough (4)
Iditarod Area	Bering Strait (9-12)	Cordova (8)
Juneau Borough	Bristol Bay Borough (11)	Dillingham City (8)
Sitka Borough	Copper River (10)	Haines Borough (6)
Unalaska City	Craig City (10)	Hydaburg City (7-8)
	Galena City (10)	Kake City (6)
	Haines Borough (9-12)	Kenai (6)
	Hoonah City (9-12)	Ketchikan Gateway (4)
	Kashunamuit (11)	Kodiak (4)
	Klawock City (9)	Kuspuk (4)
	Kuspuk (9-12)	Lake & Peninsula Borough (7-12)
	Lake & Peninsula Borough (7-12)	Lower Kuskokwim (3, 4)
	Lower Kuskokwim (9-12)	Mat Su Borough (4)
	Lower Yukon (9-12)	Northwest Arctic Borough (7, 8)
	Nenana City (9-12)	Petersburg City (elem/middle)
	Nome City (12)	Skagway City (elem)
	North Slope Borough (9-12)	Southwest Region (4)
	Northwest Arctic Borough (10, 11)	Tanana City (7,8)
	Pelican City (9-12)	Yakutat City (4, 7, 8)
	Pribilof (10)	
	Saint Mary's City (9-12)	
	Skagway City (9-12)	
	Southeast Island (9-12)	
	Southwest Region (9-12)	
	Valdez City (9-12)	
	Wrangell (9)	
	Yakutat City (9)	
	Yukon Flats (11 or 12)	
	Yukon Koyukuk (9-12)	
	Yupilt (9-12)	
	Mt. Edgecumbe (10, 12)	
9 districts with no requirement	23 require at high school levels only	11 require in lower grades only
	12 require in both high school and lower grades	

ALASKA  
HISTORY &  
CULTURAL  
STUDIES  
CURRICULUM  
PROJECT

Ira Perman  
President  
Alaska  
Humanities Forum

Marjorie Menzi  
Project Director

Project Advisory  
Committee

Jo Antonson  
Judy Bittner  
Brenda Campen  
Carol Comeau  
Linda Evans  
Steve Ex  
Jay Hammond  
Steve Haycox  
Rhonda Hickok  
Frank Hill  
Shirley Holloway  
Bryant Hopkins  
Esther Ilutsik  
Pat Jackson  
Mary Kapsner  
Krystal Kompkoff  
Edna Lamebull  
Loren Leman  
Matt Moon  
Paul Ongtooguk  
Roger Pearson  
Malcolm Roberts  
Sarah Scanlan  
Teri Schneider  
Gary Stevens  
Tom Stewart  
Jeremy Waite  
Louie Yannotti



A L A S K A  
HUMANITIES  
F O R U M

421 West First Avenue  
Suite 300  
Anchorage, AK 99501  
Tel. 907/272-5341  
Fax 907/272-3979  
www.akhf.org

ALASKA HISTORY & CULTURAL STUDIES  
CURRICULUM PROJECT  
STATUS REPORT

*"The Alaska Humanities Forum is developing a statewide curriculum in Alaskan history. It is my hope that this curriculum will enable future generations to grasp and preserve what it means to be 'Alaskan.'"*

- Address by The Honorable Ted Steven before a Joint Session of the Second Session of the Twenty-Third Alaska State Legislature, February 16, 2004.

**Project Goal:** To develop an Alaska history and cultural studies curriculum for use in Alaska's high schools. The curriculum will be based on the Alaska history and cultural standards. It will provide Alaska's young adults with an understanding of Alaska's history, geography, cultures, government and their civic responsibilities as Alaskans.

The Alaska Humanities Forum is developing an Alaska History and Cultural Studies curriculum. The support of Commonwealth North, scores of public institutions and the general public provided the impetus for this new curriculum. The effort is led by a statewide advisory committee of historians, educators, and cultural experts.

Senator Ted Stevens has made funding for the curriculum available through the U.S. Department of Education. The web-based course will be pilot tested in Fall 2004 by teachers who have been trained at a one-week institute to be held at UAA in August 2004. The final CD version of the course will be ready for distribution and use statewide in Fall 2005.

The curriculum and the companion effort to have its study required of high school students grow out of a long-standing and broadly supported belief that Alaska's high school students need, and currently do not receive, a thorough, in-depth education in their state's history, geography, cultures, economics and government.

Young people are eligible to vote when they turn 18 years of age. They need this high school level course to prepare them to exercise, in an informed manner, the civic responsibilities of adulthood.

Specifically, the Alaska Humanities Forum requests that the House Special Committee on Education pass HB84 out of committee with a "do pass" recommendation.

## COURSE PARAMETERS

### Teaching Objectives

- To develop student proficiency in Alaska history, culture, geography and government/citizenship.
- To help students become active citizens of Alaska and wise voters about the issues that will face them as adults.
- To help students understand that their neighbors and home include all Alaskans and all of Alaska, not merely their group or region.
- To guide students toward an adulthood characterized by civic contributions to help solve Alaska's challenges based on solid knowledge and insightful judgments.

### Basic Assumptions

These assumptions, adopted by the Advisory Committee, are shaping the development of the course.

1. Students must understand that they have a personal stake in the study of Alaska.
2. Students learn through personal exploration.
3. People learn about places and people from particular perspectives; students should learn to recognize the perspective inherent in any resource.
4. There is value in learning local and regional history from the perspective of those from those locales.
5. Students learn through human interactions with each other, teachers, and other community members.
6. Students learn through an examination, questioning and analysis of a combination of primary and secondary sources.
7. It is important to accommodate different learning styles.
8. "Why?" is as important a question as "What?" "Who?" "When?" and "Where."
9. Oral and written literature can add an important perspective to the study of Alaska and its people; the course should be interdisciplinary to the extent possible.
10. Chronology is a tool to understanding history; analysis and evaluation must accompany the study of history. Students also need an understanding of the broad context of time within which the chronology of Alaska's recorded history is a part
11. Students learn best when information is relevant, engaging and fun.

## PROJECT ORGANIZATIONAL STRUCTURE AND TASKS

### ▪ **The People**

- Advisory Committee- A 28-member advisory committee established to provide policy direction and guidance in the development of the curriculum. The group includes historians, educators, Native leaders, cultural experts and civic leaders from throughout the state. (See letterhead.) The initial meeting of the group was on September 11, 2003; audio conferenced meetings have been held bimonthly since then. The group established the long-term goals, instructional strategies, and assessment approaches for the course. They also identified important primary documents and resources.
- Electronic Outreach Network –approximately 100 organizations and individuals statewide who have expressed interest in this curriculum have been networked electronically and receive periodic updates on the progress of the project.
- Classroom Teacher Content Subcommittee –This group of four classroom teachers of Alaska history and culture met in January and identified the content categories for a semester course. Their experience continues to provide guidance in content development. They will review the work of the unit authors.
- Unit Authors-Primary narrative information will be developed by historians Jo Antonson, Steve Haycox, Paul Ongtooguk, and geographer, Roger Pearson.
- Historians' Review Committee- The historians identified above will also serve as reviewers for additional information linked to the main narratives.

### ▪ **Resource Surveys Distributed**

Surveys were developed for the 54 school districts, 14 state departments and 40 Native Corporations/Foundations to assist in identifying existing resource materials for use in conjunction with the curriculum. Cover letters from the Governor and from Commissioner Roger Sampson accompanied the surveys.

### ▪ **Collaboration with Companion Projects**

Project personnel have established working relationships with staff of the following companion projects in order to maximize the educational value of each as it might relate to the Alaska history & cultural studies curriculum.

- Anchorage School District/*Alaska Studies Curriculum Committee*
- Anchorage Museum/Humanities Forum/*Art & Culture K-12 Curriculum*
- State Library & UAF/*Virtual Library/Digital Archive Project (VILDA)*
- University of Alaska Fairbanks/*Juke Box Project*
- Anchorage Museum/*History Charrette*
- National Archives Regional Office

### ▪ **Curriculum Research Conducted**

Initial research has been conducted into the design and content of existing Alaska history and cultural studies materials. Relevant web sites and computer-based courses have been reviewed along with web-based state history curriculum.

## COURSE DESIGN

### Design Elements

This standards-based course will be web-based with CDs pressed for students and teachers. The site model is [www.nebraskastudies.org](http://www.nebraskastudies.org). Web site/CD will be designed to access information with multiple access points based on the following.

- Contemporary Questions/Issues with links to historical background
- Chronology
- Cultural/Geographic Regions
- Unit Themes: Geography, Cultures, Russian Period, American Period, Statehood, Current Events

### Special Features

#### ▪ Essential Questions

The development of historic inquiry will be encouraged with the use of essential questions to frame each unit.

#### ▪ Primary Documents

Primary documents will be foundational in the course. Primary sources will be taken from government documents, artifacts, journals, diaries, newspapers, magazines, literature, photographs, paintings, etc. The state library's VILDA site and the digitized museums' collections will be referenced. Primary sources will be linked to each chronological period.

#### ▪ Biography

Special features will be biographic inserts of the men, women, and groups that have made significant contributions to the history of Alaska. Oral history from the collections of the University of Alaska (Jukebox) and the Alaska Native Federation (Convention collection) will be included. These will be among the biographic information presented as *His Story*, *Her Story*, and *Their Story*. Students will be encouraged to develop their own story line, (*My Story*), and to consider their own place in history, as well as to reflect on their own interpretation of what they have learned.

#### ▪ Virtual Field Trips

Working with the Alaska Historical Society, Alaska Historical Commission, Museums Alaska, National Park Service, and other organizations, the curriculum will include virtual visits to the state's museums, historical and archeological landmarks and monuments, the Capitol, National Parks, and other places of historic interest. These "visits" will be linked to a digitized map so that students have a sense of place associated with the historical site.

#### ▪ "Doing" History

The curriculum units will invite students to "do history," to become actively engaged in historical inquiry, researching and telling history. By learning how to analyze evidence, establish a valid interpretation and construct a coherent narrative, students will become historians. As a culminating assessment, students will do a history project to demonstrate their understanding of what it means to practice the historian's craft.

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
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# Alaska State History— Let's Teach It Now!

In a recent public appearance it became painfully clear that Alaska's generation of the future knows little about Alaska's past.

I asked a group of high school grads what they knew about Pearl Harbor Day. I saw puzzled looks and blank stares on the faces of the young audience.

When told that bombing Pearl Harbor started WW II for the U.S. and that Alaska was also bombed during that war, the looks turned to doubt. Playing to my obvious strength I asked if anybody knew that when Alaska was purchased from Russia aboriginal inhabitants were to receive certain status, according to the agreement signed by U.S. Secretary of State William H. Seward and Baron Eduard de Stoeckl (for Alexander II of Russia). (And who were they, anyway?) Or further, that the Baron had to actually bribe certain members of both houses of Congress to secure the required number of votes to complete the purchase.

I later wondered if any high school student had ever thought about the land bridge, or had read about the European explorers who came to the Great Land, the first one from Denmark.

Beyond their own culture, are students aware of the several distinct cultures that make up the population of Alaska? Their customs, tools, modes of transportation and trade; religious observation or geographic ranges and uses of the land?

In the main, they knew nothing of these things. Worse, they don't really care. They're not relevant today, they say. If not relevant, it is because adults have not made them relevant. The kids cannot be faulted.

## Can't We All Just Get Along?

Understanding begins with knowledge. Beware that understanding doesn't always beget appreciation or tolerance.

Such things come only with time. But, begin with knowledge.

We support the proposition that a passing grade in Alaska history should be requisite to secondary school graduation. That's the easy part. Coming up with a suitable textbook, goals and objectives and course work will not be easy to do during the first few years. Just defining Alaska history will be daunting enough. Shall we study Alaska "State" (modern) history? Shall we go back further to Alaska ancient history? Much of that history is recorded in the oral tradition of Alaska's First Peoples.

## How Broad A Viewpoint?

The twig in the pathway over which we must not trip while seeking knowledge is this: The course must not be overtaken by a few advocates of only one or limited experiential histories. To suppose that Alaska's history began with the list of European explorers and exploiters who nearly extinguished Native cultures in Alaska would be just as wrong as to suppose that Europeans (white people) had nothing positive to offer. Likewise would it be counterproductive to wallow through centuries of hate and self-pity.

## Alaska's Grand Social Experiment

And finally, a chapter must be included to cover the period 1970 to the present. It would be dedicated to the anthropology and sociology of financially disadvantaged landholders when they become wealthy shareholders. Ergo, a current case history and analysis of the Alaska Native Claims Settlement Act belongs in a good history of Alaska. It has changed the Great Land forever and ever, and for ages unto ages.

—Vern C. McCorkle

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Vern C. McCorkle, Publisher

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# Frontiersman

Wednesday, January 23, 2002

## Learning history is an investment in the future

Frontiersman editorial board

The Legislature is once again considering a bill that would require high school students to pass an Alaska history class to earn a diploma. We throw our full support behind this plan.

Sometimes classes are designed to get students excited about a topic, to inspire them to learn more. Others offer basic, day-to-day knowledge students will need after they graduate. Instruction in Alaska's history addresses both of these.

A good class, taught by the right teacher, could help students to understand the relevance of years gone by, to serve in their own communities the effects of those years and, in turn, could inspire them to enjoy history as a general subject.

But more importantly, information about how we all arrived in Alaska and how we formed our government and established our relationships with each other and with the rest of the world is critical to decisions we make everyday. Whether it is the ongoing debate over subsistence and its related struggle of rural versus urban communities or the issue of where state money comes from and how it is spent, we could all stand to take a look back over the decades prior to today.

So far, dozens of legislators around the state have signed on as co-sponsors of the Alaska history requirement bill, joining forces with sponsor Rep. Mary Kapsner,

D-Juneau.

Lt. Gov. Fran Ulmer, the state Tolerance Commission and the Anchorage School Board have all voiced their support of the bill.

We encourage our legislators and local school board to take a similar stance. This is a chance to not only help our students be better educated about their own state, also to possibly improve everything from race relations to budget decisions in years to come as these

<http://www.frontiersman.com>

students become the business and government leaders of Alaska.

But all this grand talk of looking back at our history to improve our future won't mean a thing if we don't have the money to make it happen.

Too often federal and state laws pile new requirements onto our educators but then don't back it up with adequate budget increases. We don't want to see everyone cheer for the Alaska history class requirement only to have it come back to our local schools as another unfunded mandate.

Look at it as an investment. The better educated today's youth are about the Alaska's history, the better equipped they will be in the future to make decisions that will become a part of Alaska's history. And every student becomes more interested in Alaska history and government is one more person who will become an interested voter, an involved citizen and, possibly, a dedicated legislator.

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# Alaskans need knowledge of past

By Jon Kumin  
For the Journal

Alaska is grappling with a host of serious issues. They share a common characteristic: Successful resolution must be based on understanding the underlying circumstances. Whether it's subsistence, the fiscal gap or revitalizing the Alaska salmon industry, solutions are best crafted from a firm understanding of the past.

In September 2000 Commonwealth North completed a major study of urban-rural issues. One of the six study recommendations was to seek the meaningful teaching of Alaska history in all Alaska high schools. This recommendation was based on extensive testimony during the study that effective decisions about Alaska's future must be based on a better understanding of our common past.

A follow-up study by Commonwealth North researched the issues affecting such a course, reaching out to groups that included teachers, school administrators, school boards and historians. Wide support was heard for the concept.

Much progress has been made since. The Anchorage School Board voted to incorporate this requirement and has started carefully assembling the appropriate curriculum materials. The Alaska

House of Representatives showed it understood the importance of the topic by unanimously passing House Bill 171, which mandates the teaching of Alaska history in Alaska high schools. The bill now rests in the Senate.

As the debate continues, issues have arisen. The Senate has the opportunity to improve the bill. Several areas must be addressed.

## A common curriculum

One common unifying Alaska history course is needed to impart a shared understanding of Alaska's past. The current bill leaves each of the 53 state school districts to develop its own Alaska history course. There is no oversight body developing a curriculum or set of academic standards.

The Department of Education and Early Development should develop a curriculum standard that can be used as a basis for adoption statewide. The good work started by the Anchorage School District can be melded into this effort.

The course must be accurate and balanced, including the study of Alaska's government, civics,

geography and economy. The history and ways of life of Alaska's



Kumin

many peoples, both Indigenous and more recent arrivals should be covered along with topics like the campaign for statehood, mining, the pipeline, the Alaska Native Claims Settlement Act, the Permanent Fund, federal policies and major public poli-

cy issues of today.

Alaska's history is unlike any other. Much of our history is so recent that some who created it are still with us. We have a fantastic opportunity to pass our history on to young people directly from those who made it. We still have, for example, a handful of the people who wrote our state's constitution, which is widely respected as one of the best in the United States.

## Unfunded mandates

The Fairbanks North Star Borough School District and other districts reasonably bridge at the imposition of academic requirements without the accompanying implementation funds. Funding from the state will be hard to come by, perhaps for years to come. Yet, civic backers of the bill are putting their money where their mouths are.

The Alaska Humanities Forum, the First Alaskans Institute, National Education Association - Alaska and others have pledged to provide money to develop the course, create materials and train teachers. Help from Washington, D.C., is also available.

How to make room for Alaska history should be a local decision. Many ways exist to add Alaska history to a district's curriculum. Specifics will depend on the priorities of each community.

# Alaska history course has long-lasting value

Continued from Page 4

Districts may replace an elective course of lower priority. Some districts may choose to increase their students' graduation credit requirement; a one-semester course adds one-half credit. Some may choose to integrate the content into existing courses, such as broadening the study of the Permanent Fund into an economics course.

What about Advanced Placement stu-

dents? This course must challenge those students. A rigorous and engaging course will have tremendous benefits. Students without an appreciation of the special nature of their state are more likely to leave it. Alaska history should be offered as an honors-level course for those students who respond to challenging curriculum.

Other questions and concerns will arise. It is important to remember that the long-term benefits of teaching a common Alaska history course far outweigh the short-term challenges. Our students need to learn their common

history. They need to know they have one. Otherwise Alaskans will continue down the path we have been treading. We will not understand who we are, how we came to be, and, most importantly, we will have a hard — perhaps impossible — time agreeing on what we should become.

**We have an opportunity to impart a common Alaska history to the next generation of Alaskans.**

We have an opportunity to impart a common Alaska history to the next generation of Alaskans. We have an obligation to tell an accurate and

compelling story to our children so that we come together as Alaskans with a shared understanding of our past, a better understanding of our present and the prospect of a unified future. History will judge us poorly if we do not.

Jon Kumin is president of Kumin Associates Inc. Architects and Planners. He can be reached at 907-272-8833.

**db**

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OUR VIEW

# History lesson

*Alaska students need it;  
State House gets to work*

**S**tirring to life in the Alaska Legislature is a bill that shows great long-term promise for helping bridge the state's disturbing urban-rural divide. HB 171 would require graduating Alaska students to pass a high school class in Alaska history, including a Native studies component. The bill cleared the House Education Committee on Wednesday. The next committee in line to consider the bill waived any action on it, a sure sign the bill is gathering momentum. Now it's awaiting action in the House Finance Committee. Along the way, HB 171 has picked up a bipartisan list of 13 sponsors, just three short of the 21 votes needed for passage when a bill comes to the House floor.

The bill's preamble makes a compelling case for the measure:

*"An education rich in history and government is vital to the development of a representative democracy and a civil society. Knowledge of a person's own state history and government is fundamental to informed and effective participation in state and local affairs. ... An educated Alaska populace with a full appreciation for the history of Alaska will make better decisions for the good of all Alaska citizens."*

*Extra urgency  
for the Alaska  
history  
requirement  
comes from a  
simple fact of  
Alaska  
geography.*

Requiring Alaska history for high school graduation would be a good idea under any circumstances. After all, 22 other states have a similar law. But extra urgency for the Alaska history requirement comes from a simple fact of Alaska geography. The state's rural areas, where most of the Alaska Native population lives, are so distant and isolated that few urban Alaskans ever go there. That physical gulf creates a chasm of misunderstanding about the unique needs of rural Alaska, especially about the many different Native cultures found there.

So far, no House member has objected to the proposed Alaska history requirement. The only hesitant voice comes from Anchorage Rep. Con Bunde, who opposes the provision that opens a possible exemption from the requirement for special education students.

We hope the measure won't get sidetracked over that important, but largely technical, issue. Alaska can't start soon enough to give its graduating students the fundamental grounding they need to be informed, caring citizens.



Fuller A. Cowell, Publisher, 1993-1999  
Gerald E. Gilly, Publisher, 1984-1993

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Katherine Fanning, Editor and Publisher, 1971-1983  
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## Anchorage Daily News

B-6 Friday, April 27, 2001



Resolution of the State Board of Education & Early Development

**Supporting the Alaska Humanities Forum Request For Federal Funding  
To Enhance The Teaching and Learning of Alaska History and Culture**

Resolution 05-2002

Whereas, the State of Board of Education & Early Development has adopted a mission for schools that promises "that all students succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and are effective in improving the character and quality of the world about them"; and

Whereas, the State Board has set out in 4 AAC 04.020 that graduating seniors need to possess certain skills and qualities, including being "responsible citizens"; and

Whereas, the State Board in February 2002 went on record expressing its "strong support for mandating a knowledge of Alaska's history for our high school graduates"; and

Whereas, many young Alaskans lack sufficient knowledge of the history and cultures of our state; and

Whereas, the State Board is on record as supporting the convening of a widely diverse group of Alaskans, including community leaders, teachers, administrators, parents, university professors and historians to develop standards and a curriculum of what students should know about Alaska history and our state's cultures; and

Whereas, the Alaska Humanities Forum is a highly regarded organization known for its excellent work and high quality products that possesses a deep commitment to Alaska, its children and its future; so

Therefore, Be It Resolved that the State Board of Education & Early Development strongly supports the request of the Alaska Humanities Forum for federal funds to develop, produce and distribute standards, curriculum materials and lesson plans for the teaching and learning of Alaska history and culture in the schools of Alaska.

A handwritten signature in black ink, appearing to read "Susan J. Atkinson". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Chair, State Board of Education & Early Development

November 22, 2002



Some educators believe Alaska history should be a mandatory class, but other people say it should remain optional.

## Putting Alaska history into the school books

Iris Keogh

Anchorage, Alaska, Sept. 26 - Should high school students be given one more requirement, or is there another way to incorporate Alaska history into the school curriculum? That's one of the issues facing the state Board of Education and Early Development.

Who was Alaska's first governor?

When did Alaska become a state?

How and when did the Alaska Permanent Fund start?

These are all questions on Alaska history -- questions, some say, that many Alaskan students can't answer.

Ira Perman is a member of a task force for the teaching of Alaska history and cultural studies. He and others think the Board of Education should require that all 52 school districts statewide teach a semester course in Alaska history.

because they don't have the background of information, and just the issue of the permanent fund, how to solve the state's fiscal problems, how we got to where we are."

Even though Comeau believes Alaska history should be required, she says how the subject is taught should be a local decision. What works in Anchorage may not work in the Bush.

"I think it's critical," says state Commissioner of Education Shirley Holloway. "I think the state board is very supportive of that. They just want to be sensitive to the differences that we have in this state, in terms of the number of youngsters in schools and the number of teachers that are available to teach those youngsters."

Megan Coffland, a senior at Sitka High School and the student advisor to the board, thinks the concept of students learning about their state is a great idea, but making the subject a requirement is not.

"They won't take it seriously," she says. "It's just one more requirement to get out of the way. It's one more frustration, and you don't want something that important to be a frustration to students."

"People don't know, for example, why the Egan Center is named... after who?" Perman says.

Just one of the questions many educators hope students can answer.

For the record, the Egan Civic and Convention Center was named for Bill Egan, who served as Alaska's first governor from 1959 to 1966, and again from 1970 to 1974. Alaska became a state in 1959. The Alaska Permanent Fund was first suggested by Gov. Jay Hammond, and created by Alaska voters in 1976 with an amendment to the state constitution. The first checks were sent out in 1982.

**adn.com**

Anchorage Daily News

## Civic literacy

### Another basic subject for Alaska students to learn

*(Published February 17, 2001)*

Alaska's exit exam has stimulated an important debate about what graduating high school students should know. So far the discussion has focused on math, reading and writing. But there's another basic subject students should master: civic literacy.

Civic literacy means that students have the knowledge and skills needed to participate effectively in our democracy. They become informed citizens who know about and exercise their rights and responsibilities as members of the community. Civic literacy is right up there with the fabled "three R's" on the list of reasons to maintain a public education system at all.

To ensure civic literacy, students need a basic command of how the American and Alaska political systems work. They need an overview of the important historical milestones and themes that have shaped our country. They need to know what kind of decisions each branch and each level of government makes and why our political system is structured the way it is.

Civic literacy also involves a basic knowledge of the history, peoples and cultures of Alaska -- a human history that goes back more than 10,000 years, and a set of political and economic institutions that is unique to Alaska. This, too, is core knowledge for students we hope to turn into productive citizens of our state.

Discussion of establishing a statewide Alaska history and cultures graduation requirement has been gathering steam in recent months. Commonwealth North, the Alaska Federation of Natives and the National Education Association-Alaska -- disparate groups reaching broadly across the spectrum in Alaska public life -- each has endorsed the concept in recent months. Interested civic leaders are studying options for how best to achieve that goal. Those discussions are on the right track.

Beyond a knowledge of Alaska history and cultures, students should know what rights we have as citizens and how we came to have them. On a more practical level, students should leave Alaska schools knowing how to register to vote, when elections are held and how to identify and contact elected officials.

Alaska's educational system has already set goals covering some aspects of civic literacy. They are included in two of the state's current content standards for government and citizenship. But the list of standards is long and civic literacy easily gets lost. The list has 59 goals in 13 major subject areas -- all told, 351 different elements describing what students should know and be able to do.

Three hundred fifty-one elements is more than any educational system anywhere can guarantee its students, so we need priorities. Along with the three R's, civic literacy belongs at the top of the list. Preparing the next generation of citizens to uphold our democracy is too important a job to leave to happenstance.

[Close Window](#)

**Alaska Association of School Administrators**  
LEADERSHIP FOR LEARNING

326 Fourth St., Suite 404 • Juneau, AK 99801-1101  
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March 19, 2003

The Honorable Mary Kapsner  
House of Representatives  
Alaska State Capitol  
Juneau, AK 99801-1182

Dear Representative Kapsner:

Thank you for your letter requesting the support of AASA for HB 84 (Alaska History). I discussed the matter with the AASA Board of Directors and there is definite agreement in principle with the need to teach Alaska's school children about their state and its history.

AASA can provide support for the concept, but there is a long-standing concern about unfunded mandated curriculum. Every year our association endorses a resolution opposing unfunded mandates.

Additionally, curriculum decisions are best made at the local level by locally elected school boards who best understand the needs of their communities. In other words, AASA supports preservation of local control on educational matters.

In short, if the legislature would provide additional funds for a quality Alaska History requirement, including the costs of teacher training, teacher time, materials development and materials acquisition, there is support for the bill.

Please let me know if you would like additional information or if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads 'Mary A. Francis'.

Mary A. Francis, Ph.D.  
Executive Director

MF:klc



# NEA-ALASKA

*Affiliated with the National Education Association*

Representative Mary Kapsner  
State Capitol  
Juneau, AK 99801-1182

March 12, 2003

Dear Representative Kapsner:

Thank you for inviting NEA-Alaska to reaffirm its support for legislation that would require Alaska's high school graduates to have knowledge of our state's history. We are pleased to reaffirm that support.

At our 2001 Delegate Assembly, NEA-Alaska members from all across the state voted to approve New Business Item 01-57. This New Business Item states in part, "NEA-Alaska shall encourage the Department of Education and Early Development to develop regulations providing (a) mandatory Alaskan History curriculum...throughout the State..." The delegates to our 2002 and 2003 Delegate Assembly continued their support for this concept.

NEA-Alaska supports the passage of HB 84. This legislation falls within the spirit of our New Business Item. Speaking as an individual who attended school in another state, I can say that I was taught the history of that state. I have spoken with colleagues who came to Alaska from many other states and they all had similar experiences of being required to learn about the history of the states where they attended school.

Most Alaskans came to this state from other states and from many foreign countries. It is shared experiences that make us all Alaskans. The shared experiences of our ancestors are our collective history. It is important for our children to be familiar with that shared experience, in other words, with our history. If we believe that a united Alaska is better than a fractured one, then we need to engage in activities that bring us together. Learning about our shared history is one such activity. For that reason, NEA-Alaska is pleased to be in support of HB 84.

Sincerely,

Rich Kronberg  
President

# Alaska Historical Society



P.O. Box 100299  
Anchorage, Alaska 99510-0299  
Phone (907) 276-1596/E-Mail:ahs@alaska.net  
www.alaska.net/~ahs

March 25, 2003

The Honorable Mary Kapsner  
House of Representatives  
State Capitol  
Juneau, Alaska 99801-1182

Dear Representative Kapsner:

On behalf of the Alaska Historical Society, the 500 members and 25 organizations strongly support HB 84 (Alaska History) to require high school students to take a course in Alaska history.

In 2002, the Board of Directors of the Alaska Historical Society passed a resolution in favor of a standards-based Alaska history high school course. The Alaska history course is also on the list of Action Points for 2003 adopted by the Society and sent to legislators last month. Alaska faces many challenges, and if we are to have a future as a cohesive state, as a cohesive people, all high school students need to be taught the state's history, geography, government, economics, resource development, Native history, art, and other cultural relationships. Our democratic form of society requires a population that is educated about its government, people, and civic responsibilities. The specific use of the term "Alaska History," in HB 84 strengthens this course of study by indicating that historical perspective will be given to these topics.

We are pleased to see language in HB 84 that the Alaska Department of Education & Early Development (EED) will be developing a standards-based Alaska history high school course. This approach should provide the resources that small school districts will need to develop an Alaska history curriculum. HB 84 also provides both rural and urban school districts with flexibility by omitting any specific references to what should be taught in this course. We are also pleased that Congress in February 2003 provided federal funds to develop Alaska history texts and provide training for teachers.

The Alaska Historical Society appreciates your efforts to encourage the study of Alaska history and the exchange of ideas and information concerning our heritage. Please keep the Society informed of the bill's progress and let us know if we can be of assistance. Our legislative contact in Anchorage is Bruce Parham (907-271-2443 or Email: bruce.parham@nara.gov).

Sincerely,

A handwritten signature in cursive script that reads "Candy Waugaman". The signature is written in black ink and is positioned above the printed name and title.

Candy Waugaman  
President

First Alaskans  Institute

March 17, 2003

TO: Rep. Mary Kapsner and All Members of the 23<sup>rd</sup> Alaska Legislature

Dear Friends:

On behalf of the Board of Trustees and staff of the First Alaskans Institute, I strongly urge action by the Alaska House and Senate to approve HB 84, relating to development of a high school curriculum for Alaska history.

A top priority for our Institute is the improvement of public education for Alaska Native students, but we care passionately about the education of all of Alaska's children and youth. We feel that being an Alaskan requires knowledge about the historical development of this state and of the people who compose it. We were therefore delighted when the Anchorage School District's Board approved a one-semester requirement in Alaska history last year; and we have supported the Alaska Humanities Forum's television series on this subject because the final product will be so useful in high school and college classrooms across the state.

I note for the record that in the 22<sup>nd</sup> Legislature, a similar bill was introduced as HB 171 and failed to pass. The chief objection of its opponents was that such a requirement constituted an "unfunded mandate." That rationale can no longer be sustained, courtesy of Senator Ted Stevens, who has earmarked ample funds in the FY 2003 Omnibus Bill "...to develop Alaska State history texts and curriculum, including oral history, for use in Alaska schools." He realizes how much Alaska will benefit from knowledge of itself, and we applaud his efforts.

Above all, we support HB 84 as a unifying factor in the public life of our state. In an era of profound division (among peoples, geographic regions and social classes), this is a public investment that will pay great social dividends to the future. It helps us, in all our diversity, to know who we are as Alaskans and how we may reach out to our common future.

Sincerely,



Carrie Brown,  
Senior Vice President and CAO  
for  
Byron I. Mallott  
President and CEO, First Alaskans Foundation

**CALCO, INC.**

**Employee Benefit Plan Specialists  
P.O. Box 101422  
Anchorage, AK 99510**

April 29<sup>th</sup>, 2003

*Alaska State Representative Mary Kapsner  
State Capitol  
Room 424  
Juneau, AK 99801-1182*

*RE: House Bill 84*

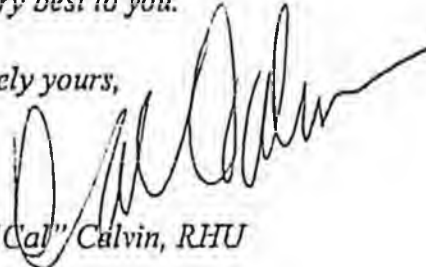
*Dear Representative Kapsner:*

I was not aware that you were supporting Legislation requiring Alaska history in Alaska schools until I received my copy of the Resurrection Bay Historical Society Newsletter which announced your position. I'm very happy you feel strongly that Alaska history is important to all young people who are students in our schools and will do everything I can as an individual to support your actions. I have felt equally strong that we are missing tremendously by not informing our children of the wonderful history we have ~ to continue to build and expand the pride that each of us should feel being a part of this beautiful state.

I'm communicating with you not only because I agree with your position but because I do have a strong interest in the Calista Region, I believe you're aware of that by now. I have clients scattered all over western Alaska in pension plans both individual school teachers and employees of a number of corporations . . . that being the case I get both the Bethel Newspapers and stay very, very close to things happening there. Senator Lyman Hoffman and I have communicated regularly for many years ~ in his capacity as a senator, as a client of mine, as well as my real estate investment partner. So, my interest extends far beyond general, specifically to you in the work you're doing which is exemplary.

*The very best to you.*

*Sincerely yours,*

  
*D.B. "Cal" Calvin, RHU*

(907) 276-8177 E-mail [cal@calcoinctpa.com](mailto:cal@calcoinctpa.com) Fax: (907) 278-7438

April 12, 2003

The Honorable Kevin Meyer, Chair  
Education Sub-Committee of Finance  
Alaska House of Representatives  
State Capitol, Mail Stop 3100  
Juneau, Alaska 99801-1182

APR 18 2003

Dear Chairman Meyer,

As the governor who signed into law the Alaska Historic Preservation Act (AS 41.35) in 1970, I can't emphasize enough the vital need to preserve and enhance the knowledge and appreciation of Alaska's history. I particularly urge the passage of HB 84, introduced by Rep. Mary Kapsner and 25 co-sponsors, which would require students to complete a high school course in Alaska History for graduation.

I recently had occasion to ask my step-daughter, who was born in Alaska and completed her schooling there, a question about Soapy Smith. Her response was, "Soapy who?". She had never heard of him. It brought home to me that young Alaskans should have more understanding of our historical heritage.

I also urge restoring some of the cuts to the budget of the Alaska Office of History and Archaeology and the Alaska Historical Commission. The functions of these agencies are vital to maintaining archaeological and historic sites, as well as reviewing geographic names.

Please take the time to consider these issues.

Sincerely,

Keith H. Miller  
Former Alaska Governor  
P. O. Box 2952  
Florence, Oregon 97439

Rep. Berkowitz -

This is a copy of a letter I have sent  
to Kevin Meyer.

Best Regards  
Keith Miller

FEB. 14. 2001 12:14PM

ALASKA MUNI LEAGUE

NO. 2601 P. 1/1  
FROM: AK MUNICIPAL LEAGUE



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907)588-1325, Fax (907)-463-5480

February 14, 2001

Jon Kumin  
Kumin and Associates  
808 E St, Suite 200  
Anchorage, AK 99501

Re: Alaska History in the schools


Dear Jon,

AML/ACoM is a coalition of 142 cities and boroughs representing over 97% of Alaska's citizens.

The AML/ACoM strongly supports teaching Alaska History in the schools with a civic component. Alaska's history, including our economy and how Alaska's government forms developed, are crucial to understanding how to deal with today's issues including urban-rural cooperation and the state's fiscal problems.

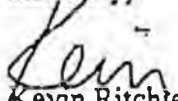
This is the statement adopted by the AML/ACoM membership in November, 2000:

Civic Education:

 The League urges the Department of Education and Early Development to prepare a school program on civic education including state and municipal forms and processes. As parents and government partners, the members of the League and the Alaska Conference of Mayors offer to provide assistance in assuring that this level of civic education is implemented in each secondary school. Teaching children how to understand and influence their government is critical to the well being of Alaska.

As offered in the policy statement the AML/ACoM will partner in a broad effort to plan and develop and implement an excellent Alaska history curriculum.

Sincerely,

  
Kevin Ritchie  
Executive Director

Cc: AML Board of Directors

POLITICAL OPINION SURVEY  
**ALASKA HISTORY - STATEWIDE RESULTS**

IVAN MOORE RESEARCH  
 TEL: 278-4600

Hello, my name is \_\_\_\_\_ and I'm calling for Ivan Moore Research, an Alaska public opinion research firm. We're conducting a public opinion survey that should take a few minutes. Your opinions are important to us, and we'd appreciate your participation if that's OK with you, and of course your responses will be completely confidential.

S1. Is this a residential telephone?

IF "YES", CONTINUE...

IF "NO", TERMINATE...

S2. Are you registered to vote in the State of Alaska?

IF "YES", CONTINUE...

IF "NO", ASK FOR OTHER VOTER...

1. What is your registered party affiliation?

	PARTY AFFILIATION:	
	Count	%
Democrat	82	18.9%
Republican	110	25.6%
Other party/No party	239	55.4%

2. When it comes to politics, do you consider yourself to be a conservative, a moderate or a progressive?

	POLITICAL IDEOLOGY:	
	Count	%
Conservative	160	37.2%
Moderate	207	48.1%
Progressive	64	14.8%

3. First of all, do you favor or oppose high school students in Alaska being taught a course in Alaska History?

	FAVOR OR OPPOSE HIGH SCHOOL ALASKA HISTORY COURSE:	
	Count	%
Favor	389	90.2%
Oppose	26	6.1%
Not sure	16	3.7%

4. Do you favor or oppose Alaska History being taught as a required course in all high schools in Alaska?

FAVOR OR OPPOSE HIGH SCHOOL ALASKA HISTORY COURSE REQUIREMENT:		
	Count	%
Favor	247	57.4%
Oppose	155	36.0%
Not sure	28	6.6%

The following questions are for statistical purposes only.

5. Of the people currently living in your household, how many are children or adolescents aged 18 or under?

CHILDREN IN HOUSEHOLD?		
	Count	%
None	257	60.9%
One or more	165	39.1%

6. In what year were you born?

AGE OF RESPONDENT:		
	Count	%
18-51	213	51.8%
52+	199	48.2%

7. Are you married or single?

MARITAL STATUS:		
	Count	%
Married	290	67.3%
Single	141	32.7%

8. GENDER...

GENDER OF RESPONDENT:		
	Count	%
Male	215	50.0%
Female	215	50.0%

That completes the survey. I have a telephone number for Ivan Moore Research that you can call with any comments, compliments or complaints. Would you like the number? (278-4600)

Thank you very much for your help. Goodbye.

THE FOLLOWING VARIABLES HAVE BEEN COMPUTED FROM THE GATHERED DATA:

MARITAL STATUS BY GENDER:

MARITAL STATUS BY GENDER:		
	Count	%
Married males	145	33.6%
Married females	145	33.6%
Single males	71	16.4%
Single females	71	16.4%

AREAS OF ALASKA:

AREAS OF ALASKA:		
	Count	%
Southeast	68	15.7%
Rural Alaska	39	9.1%
MatSu-Kenai-Valdez	87	20.2%
Anchorage	179	41.6%
Fairbanks	58	13.5%

	FAVOR OR OPPOSE HIGH SCHOOL ALASKA HISTORY COURSE:			Total
	Favor	Oppose	Not sure	Col %
	Row %	Row %	Row %	
<b>PARTY AFFILIATION:</b>				
Democrat	97.2%	1.4%	1.4%	18.9%
Republican	90.9%	5.7%	3.4%	25.6%
Other party/No party	87.5%	7.9%	4.6%	55.4%
<b>POLITICAL IDEOLOGY:</b>				
Conservative	85.7%	9.9%	4.4%	37.2%
Moderate	90.7%	5.0%	4.3%	48.1%
Progressive	100.0%			14.8%
<b>FAVOR OR OPPOSE HIGH SCHOOL ALASKA HISTORY COURSE REQUIREMENT:</b>				
Favor	99.8%	.2%		57.4%
Oppose	79.5%	16.5%	4.0%	36.0%
Not sure	65.7%		34.3%	6.6%
<b>CHILDREN IN HOUSEHOLD?</b>				
None	89.3%	6.4%	4.2%	60.9%
One or more	91.1%	5.8%	3.0%	39.1%
<b>AGE OF RESPONDENT:</b>				
18-51	93.9%	3.1%	3.1%	51.8%
52+	85.4%	9.9%	4.7%	48.2%
<b>MARITAL STATUS:</b>				
Married	91.2%	4.8%	4.1%	67.3%
Single	88.3%	8.7%	2.9%	32.7%
<b>GENDER OF RESPONDENT:</b>				
Male	87.3%	7.0%	5.7%	50.0%
Female	93.2%	5.2%	1.6%	50.0%
<b>MARITAL STATUS BY GENDER:</b>				
Married males	87.3%	6.2%	6.4%	33.6%
Married females	95.0%	3.3%	1.7%	33.6%
Single males	87.1%	8.6%	4.4%	16.4%
Single females	89.6%	8.9%	1.5%	16.4%
<b>AREAS OF ALASKA:</b>				
Southeast	87.9%	8.9%	3.2%	15.7%
Rural Alaska	95.9%	4.1%		9.1%
MatSu-Kenai-Valdez	89.5%	4.8%	5.7%	20.2%
Anchorage	91.2%	5.0%	3.8%	41.6%
Fairbanks	87.5%	9.3%	3.3%	13.5%
Total	90.2%	6.1%	3.7%	100.0%

	FAVOR OR OPPOSE HIGH SCHOOL ALASKA HISTORY COURSE REQUIREMENT:			Total
	Favor	Oppose	Not sure	Col %
	Row %	Row %	Row %	
<b>PARTY AFFILIATION:</b>				
Democrat	64.5%	28.1%	7.4%	18.9%
Republican	62.2%	32.3%	5.6%	25.6%
Other party/No party	52.8%	40.5%	6.7%	55.4%
<b>POLITICAL IDEOLOGY:</b>				
Conservative	58.0%	32.8%	9.2%	37.2%
Moderate	56.9%	37.7%	5.4%	48.1%
Progressive	57.5%	38.8%	3.7%	14.8%
<b>FAVOR OR OPPOSE HIGH SCHOOL ALASKA HISTORY COURSE:</b>				
Favor	63.5%	31.7%	4.8%	90.2%
Oppose	2.0%	98.0%		6.1%
Not sure		39.1%	60.9%	3.7%
<b>CHILDREN IN HOUSEHOLD?</b>				
None	62.7%	29.0%	8.3%	60.9%
One or more	49.1%	46.7%	4.2%	39.1%
<b>AGE OF RESPONDENT:</b>				
18-51	48.8%	47.0%	4.2%	51.8%
52+	66.5%	24.1%	9.4%	48.2%
<b>MARITAL STATUS:</b>				
Married	58.7%	35.4%	6.0%	67.3%
Single	54.8%	37.4%	7.8%	32.7%
<b>GENDER OF RESPONDENT:</b>				
Male	55.7%	38.1%	6.2%	50.0%
Female	59.1%	34.0%	6.9%	50.0%
<b>MARITAL STATUS BY GENDER:</b>				
Married males	58.1%	37.0%	4.9%	33.6%
Married females	59.3%	33.8%	7.0%	33.6%
Single males	50.7%	40.3%	9.0%	16.4%
Single females	58.9%	34.5%	6.6%	16.4%
<b>AREAS OF ALASKA:</b>				
Southeast	55.1%	36.7%	8.2%	15.7%
Rural Alaska	71.7%	28.3%		9.1%
MatSu-Kenai-Valdez	43.7%	47.1%	9.2%	20.2%
Anchorage	63.1%	32.2%	4.7%	41.6%
Fairbanks	53.4%	35.9%	10.7%	13.5%
Total	57.4%	36.0%	6.6%	100.0%

**HB**

**90**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 14, 2003

FURTHER REFERRALS:

Date of Committee Action: 3/24/03

The FINANCE Committee considered:

HB 90

HOUSE BILL NO. 90

TAX CREDIT FOR SALMON DEVELOPMENT

"An Act relating to a salmon product development tax credit under the Alaska fisheries business tax and the Alaska fisheries resource landing tax; and providing for an effective date."

Recommends it be replaced with [ ] HCS or [  ] CS for HB 90 (FIN)  
 For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR \_\_\_\_\_ [ ] Same Title [  ] New Title



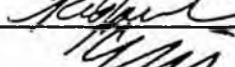
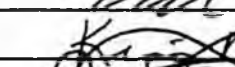
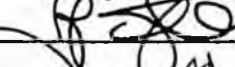
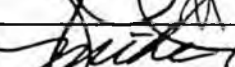
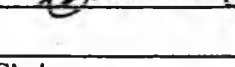

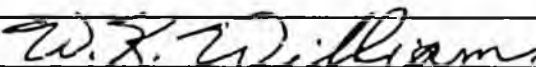
- [ ] attach amendments
- [ ] add new referral to \_\_\_\_\_ Committee
- [ ] Letter of Intent \_\_\_\_\_ Committee

List of Abbrev for Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- NVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
<u>REV</u>		<input checked="" type="checkbox"/>		

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

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Hawker	<input checked="" type="checkbox"/>			
	S. J. Storte			<input checked="" type="checkbox"/>	
	Joubert			<input checked="" type="checkbox"/>	
	Crotty			<input checked="" type="checkbox"/>	
	Meyer			<input checked="" type="checkbox"/>	
	Foster	<input checked="" type="checkbox"/>			
	Whitaker			<input checked="" type="checkbox"/>	
	Chenault	<input checked="" type="checkbox"/>			
Chair:					
Chair: 	Williams	<input checked="" type="checkbox"/>			

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSHB90 (FIN)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
 Title Tax credit for salmon development BRU Revenue Operations  
 Component Tax Division  
 Sponsor Representatives Stevens and Wolf  
 Requester House Finance Committee Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	42.2	84.5	84.5	84.5	84.5	84.5
Travel		4.0	4.0	4.0	4.0	4.0
Contractual	1.1	2.1	2.1	2.1	2.1	2.1
Supplies	1.0	1.5	1.5	1.5	1.5	1.5
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>49.3</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	**	**	**	**	**	**
-------------------------------	----	----	----	----	----	----

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	49.3	92.1	92.1	92.1	92.1	92.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>49.3</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	1	1	1	1	1	1
Part-time	0.5	0.5	0.5	0.5	0.5	0.5
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would establish two new tax credit programs:  
 1) Allow taxpayers to take a tax credit against their Fisheries Business Tax liability for 50% of qualified investment in new value-added salmon processing equipment.  
 2) Allow taxpayers to take a tax credit against their Fisheries Business Tax liability for 50% of the cost of operations or investment in new equipment for the full utilization of salmon.  
 We believe these credits, combined with state and federal bonus depreciation allowances, will generate a high level of interest in this program.

**\*\* See attached pages for further discussion.**

Prepared by: Chuck Harlamert, Chief of Operations Phone 465-4773  
 Division: Tax Division Date/Time 3/25/03 9:38 AM  
 Approved by: Larry Persily, Deputy Commissioner Date 3/25/2003  
 Agency: Department of Revenue

### Operating Expenditures

For purposes of adequately monitoring these new tax credits, and enforcing the intent of the legislation, the Department of Revenue Tax Division is requesting operating funds to cover the costs of:

- One-half of a Tax Technician II position. The Division will require additional Tax Technician resources to coordinate credits and limitations between returns of taxpayers with multiple facilities.
- A Revenue Auditor III position to enforce the credits. The department anticipates some taxpayers may take overly aggressive positions, due to the attractiveness of the 50% tax credit and the flexible qualifying criteria for the credit for new equipment and operations for full utilization of salmon. Credits for expenditures outside the intent of this legislation, if left unchecked, could inappropriately reduce state revenue and unfairly compete with investment that truly fulfills the legislative intent. The Division therefore requests funding for a Revenue Auditor III position to cover the expenses associated with enforcement of the credits.

### Effect on State Revenue

We cannot predict the revenue loss from the new credits. The actual revenue loss to the state would depend on the amount of qualified investment and the value of the salmon catch for the year.

The extent of the two credits, especially the full-utilization credit, could be sufficient to allow many large processors to generate enough credit to offset half their Fisheries Business Tax liability for salmon through Fiscal 2009. The legislation ends the tax credit provision on December 31, 2005, but allows taxpayers to carry forward any unused credits for three years, meaning the state may not see the last of the credits applied against tax liabilities until Fiscal 2009.

The state in Fiscal 2001 retained \$5.6 million in Fisheries Business Taxes on salmon (net of municipal shared revenue). In Fiscal 2002, the state retained \$4.25 million. The Fiscal 2003 estimate is \$2.8 million in state revenue, net of municipal sharing (half of the Fisheries Business Tax is shared with municipalities). This legislation requires that the tax credit come entirely from the state's share of the Fisheries Business Tax revenue. Therefore, a 50% credit, depending on how many taxpayers claim the credit and to what extent they use the credit, could eliminate anywhere from one dollar to all of the state revenues in a year of low catches or low salmon prices — or anywhere in between.

The legislation's intent is that the cost to the state of the credit would be repaid in future years with increased Fisheries Business Tax revenues on a higher value and full utilization of salmon.

### Section 1

AS 43.75.035(b) limits the credit to 50% of the taxpayer's tax on salmon and includes a sunset provision of December 31, 2005.

AS 43.75.035(c) provides a mechanism to provide partial credit for qualified property used on a vessel both inside and outside of Alaska.

AS 43.75.035(d) allows credits in excess of the annual limitation to be applied against taxes in the three subsequent tax years.

AS 43.75.035(e) specifies that the limitation on credit application of 50% of salmon tax liability is on the combined application of the Salmon Product Development Tax Credit and the Salmon Utilization Tax Credit.

AS 43.75.035(f) prohibits the use of the credit if the taxpayer is delinquent on its unemployment insurance contribution or state taxes under AS 43.

AS 43.75.035(g) defines key terms that effectively spell out the requirements for the credit.

AS 43.75.035(g)(2) restricts the credit to investment in new property.

AS 43.75.035(g)(3) provides the core definition for the credit – qualified investment.

AS 43.75.036(a) provides a tax credit for 50% of qualified expenditure for full utilization of salmon.

AS 43.75.036(b) through AS 43.075.036(g)(2) mirror, for the salmon utilization credit, the provisions set out in AS 43.75.035(b) – (g)(2).

AS 43.75.036(g)(3) defines qualified expenditure for the salmon utilization credit as costs associated with the "development, manufacture, purchase or operation of new equipment or a manufacturing process to produce marketable products using the bones, skin, viscera and carcasses of salmon."

### Section 2 – Municipalities Held Harmless

The credit does not affect revenue sharing to municipal governments. The tax credit, therefore, would come entirely from the state's share of Fisheries Business Tax revenues.

### Section 4 – Retroactivity

The credit is retroactive for investments and property placed in service after January 1, 2003.

Adopted

*Called  
Dymally Final 6/15/03  
[Signature]*

23-LS0525U  
Utermohle  
3/20/03

*Don B. Stevens*

**CS FOR HOUSE BILL NO. 90(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Wolf

*wait  
for new  
Fiscal  
Note*

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to a salmon product development tax credit and a salmon utilization  
2 tax credit under the Alaska fisheries business tax; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* Section 1. AS 43.75 is amended by adding new sections to read:

5 **Sec. 43.75.035. Salmon product development tax credit.** (a) A taxpayer  
6 that is a fisheries business may claim a salmon product development tax credit of 50  
7 percent of qualified investment in new property first placed into service in a shore-  
8 based plant or on a vessel in the state in the tax year.

9 (b) The amount of the tax credit applied against taxes under this section may  
10 not exceed 50 percent of the taxpayer's tax liability incurred under this chapter for  
11 salmon during the tax year. The tax credit under this section may not be claimed for  
12 investments made after December 31, 2005.

13 (c) If the property for which a tax credit is claimed is installed on a vessel, the  
14 amount of qualified investment under (a) of this section is determined by multiplying

1 the investment cost of qualified investment property by a fraction, the numerator of  
2 which is the weight of raw salmon processed on the vessel by the taxpayer in Alaska  
3 in the tax year in which the property is first placed in service, and the denominator of  
4 which is the weight of raw salmon processed on the vessel by the taxpayer in and  
5 outside of Alaska in the tax year in which the property is first placed in service.

6 (d) An unused credit under this section may be carried forward and applied  
7 against the tax liability incurred on salmon in the following three tax years.

8 (e) Qualified investment costs upon which a tax credit is claimed under this  
9 section may not be considered for another tax credit in this title. A tax credit applied  
10 under this section together with a tax credit applied under AS 43.75.036 may not  
11 exceed 50 percent of the taxpayer's tax liability incurred for the processing of salmon  
12 during the tax year.

13 (f) A taxpayer may not claim the tax credit allowed under this section if the  
14 taxpayer is in arrears in the payment of assessments under AS 16.51.120, contributions  
15 under AS 23.20, or taxes or assessments collected or owed under this title. For  
16 purposes of this subsection, a taxpayer is not in arrears if the liability for the  
17 assessment, contribution, or tax is under administrative or judicial appeal.

18 (g) In this section,

19 (1) "first placed into service" means the moment when property is first  
20 used for its intended purpose;

21 (2) "new property" means property whose original use commences  
22 with the taxpayer and does not include property first used by another person;

23 (3) "qualified investment" means an investment cost in the following  
24 depreciable tangible personal property with a useful life of three years or more to be  
25 used predominantly to produce value-added salmon products beyond gutting of the  
26 salmon, including filleting, skinning, portioning, mincing, forming, extruding,  
27 stuffing, injecting, mixing, marinating, preserving, drying, smoking, brining,  
28 packaging, blast freezing, or pin bone removal equipment;

29 (4) "tax liability" means the liability for all taxes under this chapter  
30 before all credits allowed by this chapter;

31 (5) "useful life" means the useful life of the property that is or would

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be applicable for purposes of depreciation.

Sec. 43.75.036. Salmon utilization tax credit. (a) A taxpayer that is a fisheries business may claim a salmon utilization tax credit of 50 percent of the amount of the qualified expenditure in the state in the tax year for full utilization of salmon.

(b) The amount of the tax credit applied against taxes under this section may not exceed 50 percent of the taxpayer's tax liability incurred under this chapter for salmon during the tax year. The tax credit under this section may not be claimed for investments made after December 31, 2005.

(c) If the tax credit is claimed for installation or operation of new equipment on a vessel, the amount of the qualified expenditures under (a) of this section is determined by multiplying the cost of the installation or operation of the equipment by a fraction, the numerator of which is the weight of raw salmon processed using the equipment on the vessel by the taxpayer in Alaska in the tax year in which the property is first placed in service, and the denominator of which is the weight of raw salmon processed on the vessel by the taxpayer in and outside of Alaska in the tax year in which the property is first placed in service.

(d) An unused credit under this section may be carried forward and applied against the tax liability incurred on salmon in the following three tax years.

(e) Qualified expenditures for which a tax credit is claimed under this section may not be considered for another tax credit in this title. A tax credit applied under this section together with a tax credit applied under AS 43.75.035 may not exceed 50 percent of the taxpayer's tax liability incurred for the processing of salmon during the tax year.

(f) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of assessments under AS 16.51.120, contributions under AS 23.20, or taxes or assessments collected or owed under this title. For purposes of this subsection, a taxpayer is not in arrears if the liability for the assessment, contribution, or tax is under administrative or judicial appeal.

(g) In this section,

(1) "first placed into service" means the moment when property is first

1 used for its intended purpose;

2 (2) "new equipment" means equipment with a useful life of three years  
3 or more whose original use commences with the taxpayer and does not include  
4 property first used by another person;

5 (3) "qualified expenditure" means the cost associated with the  
6 development, manufacture, purchase, or operation of new equipment or a  
7 manufacturing process to produce marketable products using the bones, skin, viscera  
8 and carcasses of salmon;

9 (4) "tax liability" means the liability for all taxes under this chapter  
10 before all credits allowed by this chapter;

11 (5) "useful life" means the useful life of equipment that is or would be  
12 applicable for purposes of depreciation.

13 \* Sec. 2. AS 43.75.130 is amended by adding a new subsection to read:

14 (g) For purposes of this section, tax revenue collected under AS 43.75.015  
15 from a person entitled to a credit under AS 43.75.035 or 43.75.036 shall be calculated  
16 as if the person's tax were collected without applying the credit.

17 \* Sec. 3. AS 43.75.035, 43.75.036, and 43.75.130(g) are repealed.

18 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to  
19 read:

20 **RETROACTIVITY.** Sections 1 and 2 of this Act are retroactive to January 1, 2003.

21 \* Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to  
22 read:

23 **RETROACTIVITY.** If the attorney general provides notification under sec. 7(2) of  
24 this Act, sec. 3 of this Act is retroactive to January 1, 2003.

25 \* Sec. 6. Sections 1, 2, and 4 of this Act take effect immediately under AS 01.10.070(c).

26 \* Sec. 7. Section 3 of this Act takes effect on the earlier of the following:

27 (1) January 1, 2009; or

28 (2) the date of the attorney general's notification to the lieutenant governor and  
29 to the revisor of statutes that

30 (A) a court has entered final judgment that AS 43.75.035 or 43.75.036,  
31 added by sec. 1 of this Act, violates the commerce clause contained in art. I, sec. 8. of

1 the United States Constitution; and

2 (B) the time for an appeal of that judgment has expired, or, if an appeal  
3 was taken, a final order on the appeal has been entered that AS 43.75.035 or  
4 43.75.036, added by sec. 1 of this Act, violates the commerce clause contained in the  
5 United States Constitution.

6 \* Sec. 8. Section 5 of this Act takes effect on the date of the attorney general's notification  
7 under sec. 7(2) of this Act.

# *Joint Legislative Salmon Industry Task Force*

## Legislative Members

Senator Ben Stevens, Chair  
Representative Gary Stevens, Vice-Chair  
Senator Klm Elton  
Representative Bill Williams  
Senator Alan Austerman, Alternate  
Representative Drew Scalzi, Alternate



## Public Members

Sue Aspelund  
Sam Cotten  
Duncan Fields  
Don Giles  
John Lowrance  
Robin Samuelson  
Gary Slaven  
Stephanie Madsen, Alternate  
Chris Moss, Alternate

## ***Sectional Analysis***

Committee Substitute for House Bill 90 (FIN)

"An Act relating to a salmon product development tax credit and a salmon utilization tax credit under the Alaska fisheries business tax; and providing for an effective date."

### **Intent**

To provide a salmon product development tax credit for the development of value-added salmon products and for full utilization of salmon.

### **Sectional Analysis**

#### **Section 1.**

Section 43.75.035. Salmon product development tax credit

- Amends AS 43.75 (Fisheries Business Tax) to add a salmon product development tax credit of 50 percent of the taxpayer's tax liability for new property first placed into service in a shore-based plant or on a vessel in the state. *(a)*
- The tax credit cannot exceed 50 percent of the taxpayer's liability incurred under AS 43 for salmon or be applied for investments made after December 31, 2005. *(b)*
- Delineates how the tax credit is determined and calculated. *(c)*
- Specifies the eligible tax year by tying it to the tax year in which the property is first placed into service. *(c)*
- Allows an unused credit to be carried forward and applied against incurred tax liability for salmon in the three years following the initial tax credit. *(d)*
- Qualified investment costs may not be considered for another tax credit under AS 43 and ensures that combined salmon tax credits cannot exceed 50 percent of the taxpayer's liability. *(e)*

- A tax credit under this section may not be claimed if the taxpayer is in arrears on any tax or assessment under AS 43; AS 16.51.120; or AS 23.20. (f)
- Provides definitions for this section. (g)

#### Section 43.75.036. Salmon utilization tax credit

- Amends AS 43.75 (Fisheries Business Tax) to add a salmon utilization tax credit of 50 percent of the amount of the qualified expenditure for full utilization. (a)
- The tax credit cannot exceed 50 percent of the taxpayer's liability incurred under AS 43 for salmon or be applied for investments made after December 31, 2005. (b)
- Delineates how the tax credit is determined and calculated. (c)
- Specifies the eligible tax year by tying it to the tax year in which the property is first placed into service. (c)
- Allows an unused credit to be carried forward and applied against incurred tax liability for salmon in the three years following the initial tax credit. (d)
- Qualified investment costs may not be considered for another tax credit under AS 43 and ensures that combined salmon tax credits cannot exceed 50 percent of the taxpayer's liability. (e)
- A tax credit under this section may not be claimed if the taxpayer is in arrears on any tax or assessment under AS 43; AS 16.51.120; or AS 23.20. (f)
- Provides definitions for this section. (g)

#### Section 2.

- Amends AS 43.75.130 by adding a new subsection (g) to provide that tax credits approved under this measure are not to be deducted when calculating tax revenue collected under AS 43.75.015.
- A qualified tax credit *is not* deducted from the municipal portion of the fisheries business tax.
- A qualified tax credit *is* deducted from the state's portion of the fisheries business tax.

#### Section 3.

- Repeals AS 43.75.035; 43.75.036; and 43.75.130(g).

#### Section 4.

- Makes Sections 1 - 2 retroactive to January 1, 2003.

#### Section 5.

- If the attorney general provides notification under sec. 7(2) of this Act, section 3 of this Act is retroactive to January 1, 2003.

#### Section 6.

- Sections 1, 2 and 4 of this Act take effect immediately under AS 01.10.070(c).

**Section 7.**

- Section 3 of this Act takes effect on the earlier of January 1, 2009, or if the attorney general notifies the lieutenant governor and the revisor of statutes that a court has entered a final judgment that AS 43.75.035 or 43.75.036, added by section 1 of this Act, violates the commerce clause contained in article I, section 8, of the United States Constitution; and, the time for an appeal of that judgment has expired or if an appeal was taken, a final order has been entered that AS 43.75.035 or 43.75.036, added by section 1 of this Act, violates the commerce clause contained in the United States Constitution.

**Section 8.**

- Section 5 of this Act takes effect on the date of the attorney general's notification under section 7(2) of this Act.

# Alaska State Legislature

*Not adopted*

Chair  
Seaton

Vice Chair  
Wilson

Members  
Berkowitz  
Guttenberg  
Heinze  
Kott  
Samuels



State Capitol  
Juneau, AK 99801  
(907) 465-3306  
(907) 465-3472

## House Special Committee on Fisheries

### LETTER OF INTENT CS HB 90 (FSH)

The following two points are recommendations from the House Special Committee on Fisheries for **CSHB 90 (FSH)**, "An Act relating to a salmon product development tax credit under the Alaska fisheries business tax; and providing for an effective date." The Fisheries Committee passed out **CSHB 90 (FSH)** with the understanding that these issues would be resolved.

1) The term "value-added salmon products" [AS 43 Sec. 75.035(g)(3)] should be better defined. This definition must be clarified to prevent abuse of the tax credit and decrease enforcement costs. As **CSHB 90 (FSH)** is written, many processes associated with standard processing are included in the definition. For example, the phrase "beyond gutting of the salmon" (line 22) would allow a heading machine to qualify for a tax credit if it is not explicitly prohibited. At least, this language should also prohibit traditional heading. The Department of Revenue (see attached fiscal note analysis) has suggested defining the terms "value-added" and "salmon product" separately. The Dep. Of Revenue has also suggested defining "salmon product" negatively (i.e. defining what should **not** be considered value added).

2) A "claw-back" provision for the tax credit should be considered. Such a provision would protect the State of Alaska from abuse of the credit. As the Department of Revenue has noted in their fiscal note analysis, "Investment credits are normally complimented by recapture provisions. Recapture, or "claw back" rules, reclaim all or part of the credit if the taxpayer does not follow through" (P.5).

A handwritten signature in cursive script, reading "Paul K. Seaton".

Representative Seaton  
Chair, House Fisheries Committee

CC: House Resource Committee  
House Finance Committee

- New -

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSHB 90 (FISH)  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): March 20, 2003, 2 p.m. Dept. Affected: Revenue  
Title: Tax credit for salmon development BRU: Revenue Operations  
Component: Tax Division  
Sponsor: Representatives Stevens and Wolf  
Requester: House Finance Committee Component No.: 2476

### Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	11.0	22.0	22.0	22.0	22.0	22.0
Travel						
Contractual	0.5	0.8	0.8	0.8	0.8	0.8
Supplies	0.3	0.5	0.5	0.5	0.5	0.5
Equipment	2.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>14.3</b>	<b>23.3</b>	<b>23.3</b>	<b>23.3</b>	<b>23.3</b>	<b>23.3</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>(500.0)</b>	<b>(750.0)</b>	<b>(1,200.0)</b>	<b>(1,200.0)</b>	<b>(1,200.0)</b>	<b>(50.0)</b>
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### FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	14.3	23.3	23.3	23.3	23.3	23.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
<b>TOTAL</b>	<b>14.3</b>	<b>23.3</b>	<b>23.3</b>	<b>23.3</b>	<b>23.3</b>	<b>23.3</b>

Estimate of any current year (FY2003) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

### POSITIONS

Full-time						
Part-time	1	1	1	1	1	1
Temporary						

### ANALYSIS: (Attach a separate page if necessary)

This legislation would allow taxpayers to take a Salmon Product Development Tax Credit against their tax liability for 50% of a qualified investment in new property used in producing value-added salmon products. We believe that the combination of this credit, and current state and federal bonus depreciation allowances, would generate a high level of interest in this program.

The projected state tax revenue loss is based on the assumption that taxpayers would make qualified investments totaling \$2 million in Fiscal 2004, increasing to \$3 million in Fiscal 2005 and increasing to \$4.8 million during Fiscal 2006. The amount of credits generated are one-half of the qualified investments, with the credits totaling \$4.9 million under our assumptions. We also have assumed that tax liability limitations would hold taxpayers to using half of the credit generated in each year, with the remainder carried forward until fully utilized. Investments would have to be put into service by Dec. 31, 2005 to be eligible for this credit. Use of the tax credit would expire on Dec. 31, 2008.

The projections do not consider potential revenue resulting from possible increases in economic activity as a result of the credit.

Prepared by: Chuck Harlamert, Chief of Operations Phone 465-4773  
Division: Tax Division Date/Time 3/20/03 3:52 PM  
Approved by: Larry Persily, Deputy Commissioner Date 3/20/2003  
Agency: Department of Revenue

### Operating Expenditures

The Department of Revenue is requesting a small increment in operating funds to cover the costs of one-half of a Tax Technician II position to assist with this new program. The department believes it will require additional Tax Technician resources to coordinate credits and limitations between returns of taxpayers with multiple facilities. The department anticipates that the new tax credit provision in this legislation will be successful and will draw sufficient industry interest and use to require additional staff hours to assist and enforce the new program.

### Section 1

**AS 43.75.035(b) limits the credit to 50% of the taxpayer's tax on salmon and includes a sunset provision of December 31, 2005.**

**AS 43.75.035(c) provides a mechanism to provide partial credit for qualified property used on a vessel both inside and outside of Alaska.**

**AS 43.75.035(d) allows credits in excess of the current year limitation to be applied against taxes on salmon in the three subsequent tax years.**

**AS 43.75.035(f) prohibits the use of the credit if the taxpayer is delinquent on its unemployment insurance contribution or taxes under AS 43.**

**AS 43.75.035(g) defines key terms that effectively spell out the requirements for the credit.**

**AS 43.75.035(g)(2) restricts the credit to investment in new property.**

**AS 43.75.035(g)(3) provides the core definition for the credit – qualified investment.**

### Section 4 – Retroactivity

The credit is retroactive for investments and property placed in service after January 1, 2003.

# Cordova District Fishermen United

Celebrating 68 Years of Service to Commercial Fishermen in Cordova, Alaska

P.O. Box 939 Cordova, Alaska 99574 / phone (907) 424-3447 / fax (907) 424-3430 /

e-mail [cdfu@ptialaska.net](mailto:cdfu@ptialaska.net)

March 18, 2003

House Finance Committee  
c/o Representative Bill Williams, Co-Chair  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

SENT BY FACSIMILE TO 907.465.3793

RE: SUPPORT FOR HB 90 - An Act relating to a tax credit for value-added/new product development

Cordova District Fishermen United (CDFU) represents the hardworking commercial fishing families of Area E—Prince William Sound and the Copper River. We are pleased to inform you of our support for HB 90.

The salmon industry needs financial incentives to stimulate investments into higher value processing technologies. The tax credit proposed in HB 90 provides that incentive. We acknowledge that in the short term the credit reduces General Fund receipts. However, the State should realize a return in investment via increased values—and hence, increased taxes—for the salmon harvested and value-added in Alaska in the future.

We support tight provisions that prevent abuses so that the intent of the legislation is realized for the benefit of harvesters, processors, communities, and the State, and encourage your support of the bill.

Thank you for your thoughtful consideration of HB 90.

Sincerely,

*Carrie Glasen*

for

Sue Aspelund  
Executive Director

cc: Senator Gary Stevens  
Representative Kelly Wolf



---

Sec. ~~43.75.015~~. Fisheries business tax.

(a) A person engaged in a fisheries business is liable for and shall pay the tax levied by this section on the value of each of the following fisheries resources processed during the year at the rate set out after each:

(1) salmon canned at a shore-based fisheries business - four and one-half percent;

(2) salmon processed by a shore-based fisheries business, except salmon for which the tax is due under (1) of this subsection, and all other fisheries resources processed by a shore-based fisheries business - three percent;

(3) fisheries resources processed by a floating fisheries business - five percent.

(b) Instead of the taxes levied by (a) of this section, a person who processes a developing commercial fish species is liable for and shall pay a tax equal to

(1) one percent of the value of the developing commercial fish species processed by a shore-based fisheries business during the year; and

(2) three percent of the value of the developing commercial fish species processed by a floating fisheries business during the year.

(c) A person engaging or attempting to engage in a fisheries business who first actually and physically processes the fishery resource, or a person who purchases a fishery resource that is frozen from a person excluded by AS 43.75.017 from liability for the tax, is liable for and shall pay to the department the entire tax imposed by this section. In determining this tax liability, the person may deduct from the value of the fishery resources processed the value of fishery resources that are canned or processed for other fisheries businesses. A person taking the deduction authorized by this subsection shall report all information relating to the deduction in accordance with regulations adopted by the department.

Sec. 43.75.017. Exclusion from fisheries business tax.

A person is not liable for the fisheries business tax under AS ~~43.75.015~~ when the fishery resource is frozen aboard a fishing vessel if

(1) the vessel is operated as a commercial fishing vessel under a valid commercial fishing license;

(2) the fishery resource is not processed beyond heading, gutting or cleaning, freezing and glazing;

(3) the fishery resource was caught by the vessel; and

(4) the fishery resource is sold by the person claiming an exclusion from the tax to a fisheries business licensed under this chapter.

Sec. 43.75.018. Fisheries business education credit.



Sec. 43.75.137. Additional refund.

To the extent that appropriations are available for the purpose, and notwithstanding the requirement of AS 37.07.080 (e) that approval of the office of management and budget is required, an amount equal to 50 percent of the tax revenue that is collected under this chapter from fisheries businesses and is not subject to division with a municipality under AS 43.75.130 shall be transmitted each fiscal year, without the approval of the office of management and budget, by the department to the Department of Community and Economic Development for disbursement to eligible municipalities under AS 29.60.450.

Sec. 43.75.140. [Renumbered as AS 43.75.290].

Repealed or Renumbered

Article 04. GENERAL PROVISIONS

Sec. 43.75.290. Definitions.

In this chapter,

(1) "developing commercial fish species" means those species of fish and shellfish annually designated by the commissioner of fish and game under AS 16.05.050 (a)(11);

(2) "fisheries business" means a person who engages in processing fisheries resources for sale by freezing, cooking, salting, or other method and includes but is not limited to canneries, cold storages, freezer ships, and processing plants;

(3) "fishery resource" means finfish, shellfish, and fish by-products, including but not limited to salmon, halibut, herring, flounder, crab, clam, cod, shrimp, and pollock;

(4) "floating fisheries business" means a fisheries business which is not a shore-based fisheries business; the term includes, but is not limited to, a shore-based fisheries business as defined in (5)(B) of this section when it is removed from the state;

(5) "shore-based fisheries business" means a fisheries business

(A) operated from a facility which is permanently attached to the land; or

(B) operated from a facility which remains in the same location in the state for the entire tax year;

(6) "taking" means pursuing, fishing, capturing, or harvesting a fisheries resource in any manner;

(7) "value" means

(A) the market value of the fisheries resource if the taking of the fisheries resource is done in company-owned or company-subsidized boats operated by employees of the company or in boats that are operated under lease to or from the company or other arrangement with the company and if the fisheries resource is delivered to the company; in this subparagraph, "company" means a fisheries business, a

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# UNITED FISHERMEN OF ALASKA

March 10, 2003

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

Representative Bud Fate  
Chair  
House Resources Committee  
State Capitol (MS 3100)  
Juneau, AK 99801

Dear Representative Fate,

Re: HB 90 Tax Credit for Salmon Development

United Fishermen of Alaska strongly supports HB 90 and recommends swift passage of this bill so that Alaska processors can make plans to use this bill this salmon season.

It is very clear from discussions during Salmon Task Force proceedings that providing salmon in forms that the consumer wants is critical to boosting the value of our salmon harvest. It is imperative that the Legislature and Administration provide incentives so that more value added work can be done in Alaska. Not only will this benefit harvesters but it will also help secure processor jobs and mitigate against raw fish being shipped to foreign countries for value added processing.

We look forward to working with you on this important piece of legislation.

Sincerely,

Thomas M. Gemmill  
Executive Director

Copy: Senator Ben Stevens  
Senator Gary Stevens  
Senator Scott Ogan  
Senator Tom Wagoner  
Representative Pete Kott

Representative Bill Williams  
Representative Paul Seaton  
Representative Peggy Wilson  
Senator Kim Elton  
Representative Ethan Berkowitz

#### MEMBER ORGANIZATIONS

Alaska Crab Coalition • Alaska Druggers Association • Alaska Longline Fishermen's Association • Alaska Trappers Association • Alsea Processors Association • Bristol Bay Reserve  
Chignik Regional Aquaculture Association • Chignik Seiners Association • Concerned Area "M" Fishermen • Cook Inlet Aquaculture Association • Cordova District Fishermen United  
Crab Rationalization and Buyback Group • Dierkes Island Pink and Chum • Groundfish Forum • Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association  
Kodiak Seiners Association • North Pacific Fisheries Association • Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association  
Petersburg Vessel Owners Association • Prince William Sound Aquaculture Corporation • Pure Seine Vessel Owners Association • Seafood Producers Cooperative  
Southern Alaska Regional Crab Fishermen's Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
United Cook Inlet Dredge Association • United Salmon Association • United Southeast Alaska Gillnetters • Western Gull of Alaska Fishermen

**HB**

**90**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

MAY 12 2003

SENATE FINANCE  
COMMITTEE

DATE: 4/17/03

FURTHER:

DATE TURNED  
IN TO OFFICE: 12 May 2003

Finance Committee considered CS FOR HOUSE BILL NO. 90(FIN)

## HB 90 TAX CREDIT: SALMON DEVELOPMENT/UTILIZATION

"An Act relating to a salmon product development tax credit and a salmon utilization tax credit under the Alaska fisheries business tax; and providing for an effective date."

and recommends:

**Senate Bill:**

be replaced with S CS CS HB 90 (FIN)

same title

adopt previous CS CS Forthcoming ( )

new title

**House Bill:**

attached amendment(s)

same title

technical title

new: SCR # \_\_\_\_\_

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to \_\_\_\_\_ Committee

**NEW FISCAL NOTE(S):**

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

Department	Date	Fiscal	Zero	FN#
Revenue	7/1/03	49.3		#1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

MAY 12 2003

SENATE FINANCE COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 90(FIN)  
(H) Publish Date: 3/26/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Revenue  
Title Tax credit for salmon development BRU Revenue Operations  
Component Tax Division  
Sponsor Representatives Stevens and Wolf  
Requester House Finance Committee Component No. 2476

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	42.2	84.5	84.5	84.5	84.5	84.5
Travel		4.0	4.0	4.0	4.0	4.0
Contractual	1.1	2.1	2.1	2.1	2.1	2.1
Supplies	1.0	1.5	1.5	1.5	1.5	1.5
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>49.3</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )	**	**	**	**	**	**
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	49.3	92.1	92.1	92.1	92.1	92.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>49.3</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>	<b>92.1</b>

Estimate of any current year (FY2003) cost: 0.0  
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time	1	1	1	1	1	1
Part-time	0.5	0.5	0.5	0.5	0.5	0.5
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would establish two new tax credit programs:  
1) Allow taxpayers to take a tax credit against their Fisheries Business Tax liability for 50% of qualified investment in new value-added salmon processing equipment.  
2) Allow taxpayers to take a tax credit against their Fisheries Business Tax liability for 50% of the cost of operations or investment in new equipment for the full utilization of salmon.  
We believe these credits, combined with state and federal bonus depreciation allowances, will generate a high level of interest in this program.

**\*\* See attached pages for further discussion.**

Prepared by: Chuck Harlamert, Chief of Operations Phone 465-4773  
Division Tax Division Date/Time 3/25/03 9:38 AM  
Approved by: Larry Persily, Deputy Commissioner Date 3/25/2003  
Agency Department of Revenue

### Operating Expenditures

For purposes of adequately monitoring these new tax credits, and enforcing the intent of the legislation, the Department of Revenue Tax Division is requesting operating funds to cover the costs of:

- One-half of a Tax Technician II position. The Division will require additional Tax Technician resources to coordinate credits and limitations between returns of taxpayers with multiple facilities.
- A Revenue Auditor III position to enforce the credits. The department anticipates some taxpayers may take overly aggressive positions, due to the attractiveness of the 50% tax credit and the flexible qualifying criteria for the credit for new equipment and operations for full utilization of salmon. Credits for expenditures outside the intent of this legislation, if left unchecked, could inappropriately reduce state revenue and unfairly compete with investment that truly fulfills the legislative intent. The Division therefore requests funding for a Revenue Auditor III position to cover the expenses associated with enforcement of the credits.

### Effect on State Revenue

We cannot predict the revenue loss from the new credits. The actual revenue loss to the state would depend on the amount of qualified investment and the value of the salmon catch for the year.

The extent of the two credits, especially the full-utilization credit, could be sufficient to allow many large processors to generate enough credit to offset half their Fisheries Business Tax liability for salmon through Fiscal 2009. The legislation ends the tax credit provision on December 31, 2005, but allows taxpayers to carry forward any unused credits for three years, meaning the state may not see the last of the credits applied against tax liabilities until Fiscal 2009.

The state in Fiscal 2001 retained \$5.6 million in Fisheries Business Taxes on salmon (net of municipal shared revenue). In Fiscal 2002, the state retained \$4.25 million. The Fiscal 2003 estimate is \$2.8 million in state revenue, net of municipal sharing (half of the Fisheries Business Tax is shared with municipalities). This legislation requires that the tax credit come entirely from the state's share of the Fisheries Business Tax revenue. Therefore, a 50% credit, depending on how many taxpayers claim the credit and to what extent they use the credit, could eliminate anywhere from one dollar to all of the state revenues in a year of low catches or low salmon prices — or anywhere in between.

The legislation's intent is that the cost to the state of the credit would be repaid in future years with increased Fisheries Business Tax revenues on a higher value and full utilization of salmon.

### Section 1

AS 43.75.035(b) limits the credit to 50% of the taxpayer's tax on salmon and includes a sunset provision of December 31, 2005.

AS 43.75.035(c) provides a mechanism to provide partial credit for qualified property used on a vessel both inside and outside of Alaska.

AS 43.75.035(d) allows credits in excess of the annual limitation to be applied against taxes in the three subsequent tax years.

AS 43.75.035(e) specifies that the limitation on credit application of 50% of salmon tax liability is on the combined application of the Salmon Product Development Tax Credit and the Salmon Utilization Tax Credit.

AS 43.75.035(f) prohibits the use of the credit if the taxpayer is delinquent on its unemployment insurance contribution or state taxes under AS 43.

AS 43.75.035(g) defines key terms that effectively spell out the requirements for the credit.

AS 43.75.035(g)(2) restricts the credit to investment in new property.

AS 43.75.035(g)(3) provides the core definition for the credit – qualified investment.

AS 43.75.036(a) provides a tax credit for 50% of qualified expenditure for full utilization of salmon.

AS 43.75.036(b) through AS 43.075.036(g)(2) mirror, for the salmon utilization credit, the provisions set out in AS 43.75.035(b) – (g)(2).

AS 43.75.036(g)(3) defines qualified expenditure for the salmon utilization credit as costs associated with the "development, manufacture, purchase or operation of new equipment or a manufacturing process to produce marketable products using the bones, skin, viscera and carcasses of salmon."

### Section 2 – Municipalities Held Harmless

The credit does not affect revenue sharing to municipal governments. The tax credit, therefore, would come entirely from the state's share of Fisheries Business Tax revenues.

### Section 4 – Retroactivity

The credit is retroactive for investments and property placed in service after January 1, 2003.

23-LS0525AB  
Utermohle  
5/9/03

SENATE CS FOR CS FOR HOUSE BILL NO. 90( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Wolf, Ogg, Kohring, Lynn

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a salmon product development tax credit and a salmon utilization  
2 tax credit under the Alaska fisheries business tax; and providing for an effective date."

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

4 \* Section 1. AS 43.75 is amended by adding new sections to read:

5 Sec. 43.75.035. Salmon product development tax credit. (a) A taxpayer  
6 that is a fisheries business may claim a salmon product development tax credit of 50  
7 percent of qualified investment in new property first placed into service in a shore-  
8 based plant or on a vessel in the state in the tax year.

9 (b) The amount of the tax credit applied against taxes under this section may  
10 not

11 (1) exceed 50 percent of the taxpayer's tax liability incurred under this  
12 chapter for processing of salmon during the tax year; or

13 (2) be claimed for property first placed into service after December 31,  
14 2005.

1 (c) If the property for which a tax credit is claimed is installed on a vessel, the  
2 amount of qualified investment under (a) of this section is determined by multiplying  
3 the investment cost of the qualified investment property by a fraction, the numerator  
4 of which is the weight of raw salmon processed on the vessel by the taxpayer in the  
5 state in the tax year in which the property is first placed into service, and the  
6 denominator of which is the weight of raw salmon processed on the vessel by the  
7 taxpayer in and outside of the state in the tax year in which the property is first placed  
8 into service.

9 (d) An unused credit under this section may be carried forward and applied  
10 against the tax liability incurred on salmon in the following three tax years.

11 (e) Qualified investment costs upon which a tax credit is claimed under this  
12 section may not be considered for another tax credit in this title. A tax credit applied  
13 under this section together with a tax credit applied under AS 43.75.036 may not  
14 exceed 50 percent of the taxpayer's tax liability incurred for the processing of salmon  
15 during the tax year.

16 (f) A taxpayer may not claim the tax credit allowed under this section if the  
17 taxpayer is in arrears in the payment of assessments under AS 16.51.120, contributions  
18 under AS 23.20, or taxes or assessments collected or owed under this title. For  
19 purposes of this subsection, a taxpayer is not in arrears if the liability for the  
20 assessment, contribution, or tax is under administrative or judicial appeal.

21 (g) If, during a tax year, property for which a credit was claimed under this  
22 section is disposed of by the taxpayer, ceases to be qualified investment property, or is  
23 removed from service in the state, the tax due under this chapter is increased by the  
24 recapture percentage of the aggregate decrease in the credit allowed under this section  
25 for all prior tax years that would have resulted solely from reducing to zero the credit  
26 allowed for the qualified investment property under this section. The amount of tax  
27 credit attributable to the qualified investment that is carried forward from prior tax  
28 years is terminated as of the first day of the tax year in which the qualified investment  
29 property is disposed of by the taxpayer, ceases to be qualified investment property, or  
30 is removed from service in the state. For purposes of this subsection,

31 (1) the recapture percentage during the year in which the property is

1 first placed into service or during the first year following the year in which the  
2 property is first placed into service is 100 percent;

3 (2) the recapture percentage during the second year following the year  
4 in which the property is first placed into service is 75 percent;

5 (3) the recapture percentage during the third year following the year in  
6 which the property is first placed into service is 50 percent;

7 (4) the recapture percentage during the fourth or subsequent year  
8 following the year in which the property is first placed into service is zero percent;

9 (5) qualified investment property used on a vessel is considered to  
10 have been removed from the state on the first day of a tax year in which the proportion  
11 of raw salmon processed in the state on the vessel is less than 50 percent of total  
12 weight of raw salmon processed on the vessel in and outside of the state.

13 (h) The amount of a tax credit recaptured under (g)(1) - (3) of this section may  
14 not be included in the determination of the amount of that tax credit that is allowable  
15 under this section or AS 43.75.036.

16 (i) In this section,

17 (1) "first placed into service" means the moment when property is first  
18 used for its intended purpose;

19 (2) "new property" means property whose original use commences  
20 with the taxpayer and does not include property first used by another person;

21 (3) "qualified investment" means the investment cost in depreciable  
22 tangible personal property with a useful life of three years or more to be used  
23 predominantly to produce value-added salmon products beyond gutting of the salmon;  
24 in this paragraph, "property" includes filleting, skinning, portioning, mincing, forming,  
25 extruding, stuffing, injecting, mixing, marinating, preserving, drying, smoking,  
26 brining, packaging, blast freezing, or pin bone removal equipment;

27 (4) "tax liability" means the liability for all taxes under this chapter  
28 before all credits allowed by this chapter;

29 (5) "useful life" means the useful life of the property that is or would  
30 be applicable for purposes of depreciation.

31 **Sec. 43.75.036. Salmon utilization tax credit.** (a) A taxpayer that is a

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fisheries business may claim a salmon utilization tax credit of 50 percent of the amount of the qualified expenditure in the state in the tax year for full utilization of salmon.

(b) The amount of the tax credit applied against taxes under this section may not

(1) exceed 50 percent of the taxpayer's tax liability incurred under this chapter for salmon during the tax year; or

(2) be claimed for property first placed into service, or for expenditures incurred, after December 31, 2005.

(c) If the tax credit is claimed for installation or operation of new equipment on a vessel, the amount of the qualified expenditure under (a) of this section is determined by multiplying the cost of the installation or operation of the equipment by a fraction, the numerator of which is the weight of raw salmon processed on the vessel by the taxpayer in the state in the tax year in which the equipment is first placed into service, and the denominator of which is the weight of raw salmon processed on the vessel by the taxpayer in and outside of the state in the tax year in which the equipment is first placed into service.

(d) An unused credit under this section may be carried forward and applied against the tax liability incurred on salmon in the following three tax years.

(e) Qualified expenditures for which a tax credit is claimed under this section may not be considered for another tax credit in this title. A tax credit applied under this section together with a tax credit applied under AS 43.75.035 may not exceed 50 percent of the taxpayer's tax liability incurred for the processing of salmon during the tax year.

(f) A taxpayer may not claim the tax credit allowed under this section if the taxpayer is in arrears in the payment of assessments under AS 16.51.120, contributions under AS 23.20, or taxes or assessments collected or owed under this title. For purposes of this subsection, a taxpayer is not in arrears if the liability for the assessment, contribution, or tax is under administrative or judicial appeal.

(g) If, during a tax year, equipment for which a credit was claimed under this section is disposed of by the taxpayer, ceases to be a qualified expenditure, or is

1 removed from service in the state, the tax due under this chapter is increased by the  
2 recapture percentage of the aggregate decrease in the credit allowed under this section  
3 for all prior tax years that would have resulted solely from reducing to zero the credit  
4 allowed for the qualified expenditure under this section. The amount of tax credit  
5 attributable to the qualified expenditure that is carried forward from prior tax years is  
6 terminated as of the first day of the tax year in which the equipment is disposed of by  
7 the taxpayer, ceases to be a qualified expenditure, or is removed from service in the  
8 state. For purposes of this subsection,

9 (1) the recapture percentage during the year in which the equipment is  
10 first placed into service or during the first year following the year in which the  
11 equipment is first placed into service is 100 percent;

12 (2) the recapture percentage during the second year following the year  
13 in which the equipment is first placed into service is 75 percent;

14 (3) the recapture percentage during the third year following the year in  
15 which the equipment is first placed into service is 50 percent;

16 (4) the recapture percentage during the fourth or subsequent year  
17 following the year in which the equipment is first placed into service is zero percent;

18 (5) equipment used on a vessel is considered to have been removed  
19 from the state on the first day of a tax year in which the proportion of raw salmon  
20 processed in the state on the vessel is less than 50 percent of total weight of raw  
21 salmon processed on the vessel in and outside of the state.

22 (h) The amount of a tax credit recaptured under (g)(1) - (3) of this section may  
23 not be included in the determination of the amount of that tax credit that is allowable  
24 under this section or AS 43.75.035.

25 (i) In this section,

26 (1) "first placed into service" means the moment when equipment is  
27 first used for its intended purpose;

28 (2) "new equipment" means tangible, depreciable personal property  
29 with a useful life of three years or more whose original use commences with the  
30 taxpayer and does not include property first used by another person;

31 (3) "qualified expenditure" means

1 (A) the direct and incremental cost of the development,  
2 manufacture, or purchase of new equipment by a taxpayer to produce  
3 marketable products in the state using salmon waste;

4 (B) reasonable custom processing or disposal fees paid to  
5 another fisheries business in the state that does not claim a credit under this  
6 section or AS 43.75.035 and that produces marketable products from salmon  
7 waste, less the market value of the products produced for the taxpayer; or

8 (C) the direct and incremental cost of transporting salmon  
9 waste to a facility in the state that produces a marketable product from salmon  
10 waste;

11 (4) "tax liability" means the liability for all taxes under this chapter  
12 before all credits allowed by this chapter;

13 (5) "useful life" means the useful life of equipment that is or would be  
14 applicable for purposes of depreciation.

15 \* Sec. 2. AS 43.75.130 is amended by adding a new subsection to read:

16 (g) For purposes of this section, tax revenue collected under AS 43.75.015  
17 from a person entitled to a credit under AS 43.75.035 or 43.75.036 shall be calculated  
18 as if the person's tax were collected without applying the credit; tax revenue collected  
19 does not include the amount of a tax credit recaptured under AS 43.75.035(g) or  
20 43.75.036(g).

21 \* Sec. 3. AS 43.75.035, 43.75.036, and 43.75.130(g) are repealed.

22 \* Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section to  
23 read:

24 **RETROACTIVITY.** Sections 1 and 2 of this Act are retroactive to January 1, 2003.

25 \* Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section to  
26 read:

27 **RETROACTIVITY.** If the attorney general provides notification under sec. 7(2) of  
28 this Act, sec. 3 of this Act is retroactive to January 1, 2003.

29 \* Sec. 6. Sections 1, 2, and 4 of this Act take effect immediately under AS 01.10.070(c).

30 \* Sec. 7. Section 3 of this Act takes effect on the earlier of the following:

31 (1) January 1, 2009; or

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(2) the date of the attorney general's notification to the lieutenant governor and to the revisor of statutes that

(A) a court has entered final judgment that AS 43.75.035 or 43.75.036, added by sec. 1 of this Act, violates the commerce clause contained in art. I, sec. 8, United States Constitution; and

(B) the time for an appeal of that judgment has expired, or, if an appeal was taken, a final order on the appeal has been entered that AS 43.75.035 or 43.75.036, added by sec. 1 of this Act, violates the commerce clause contained in the United States Constitution.

\* Sec. 8. Section 5 of this Act takes effect on the date of the attorney general's notification under sec. 7(2) of this Act.



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### FAX COVER SHEET

DATE: 12 May 2003 TIME: 9:20 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND  
SENATE FINANCE COMMITTEE SECRETARY  
PHONE: 465-4935  
FAX: 465-2187

NOTES: Final Please

SCS CS HB 90 23-LS0525 \ B

5/9/03 Utermohle

no changes

Thx  
Mindy

ADOPTED 5/3/03

WORK DRAFT

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WORK DRAFT

23-LS05251W  
Utermohle  
5/3/03

SENATE CS FOR CS FOR HOUSE BILL NO. 90( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVES STEVENS, Wolf, Ogg, Kohring, Lynn

A BILL  
FOR AN ACT ENTITLED

1 "An Act relating to a salmon product development tax credit and a salmon utilization  
2 tax credit under the Alaska fisheries business tax; and providing for an effective date."

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

4 \* Section 1. AS 43.75 is amended by adding new sections to read:

5 Sec. 43.75.035. Salmon product development tax credit. (a) A taxpayer  
6 that is a fisheries business may claim a salmon product development tax credit of 50  
7 percent of qualified investment in new property first placed into service in a shore-  
8 based plant or on a vessel in the state in the tax year.

9 (b) The amount of the tax credit applied against taxes under this section may  
10 not

11 (1) exceed 50 percent of the taxpayer's tax liability incurred under this  
12 chapter for processing of salmon during the tax year; or

13 (2) be claimed for property first placed into service after December 31,  
14 2005.

1 (c) If the property for which a tax credit is claimed is installed on a vessel, the  
2 amount of qualified investment under (a) of this section is determined by multiplying  
3 the investment cost of the qualified investment property by a fraction, the numerator  
4 of which is the weight of raw salmon processed on the vessel by the taxpayer in the  
5 state in the tax year in which the property is first placed into service, and the  
6 denominator of which is the weight of raw salmon processed on the vessel by the  
7 taxpayer in and outside of the state in the tax year in which the property is first placed  
8 into service.

9 (d) An unused credit under this section may be carried forward and applied  
10 against the tax liability incurred on salmon in the following three tax years.

11 (e) Qualified investment costs upon which a tax credit is claimed under this  
12 section may not be considered for another tax credit in this title. A tax credit applied  
13 under this section together with a tax credit applied under AS 43.75.036 may not  
14 exceed 50 percent of the taxpayer's tax liability incurred for the processing of salmon  
15 during the tax year.

16 (f) A taxpayer may not claim the tax credit allowed under this section if the  
17 taxpayer is in arrears in the payment of assessments under AS 16.51.120, contributions  
18 under AS 23.20, or taxes or assessments collected or owed under this title. For  
19 purposes of this subsection, a taxpayer is not in arrears if the liability for the  
20 assessment, contribution, or tax is under administrative or judicial appeal.

21 (g) If, during a tax year, property for which a credit was claimed under this  
22 section is disposed of by the taxpayer, ceases to be qualified investment property, or is  
23 removed from service in the state, the tax due under this chapter is increased by the  
24 recapture percentage of the aggregate decrease in the credit allowed under this section  
25 for all prior tax years that would have resulted solely from reducing to zero the credit  
26 allowed for the qualified investment property under this section. The amount of tax  
27 credit attributable to the qualified investment that is carried forward from prior tax  
28 years is terminated as of the first day of the tax year in which the qualified investment  
29 property is disposed of by the taxpayer, ceases to be qualified investment property, or  
30 is removed from service in the state. For purposes of this subsection,

31 (1) the recapture percentage during the year in which the property is

1 first placed into service or during the first year following the year in which the  
2 property is first placed into service is 100 percent;

3 (2) the recapture percentage during the second year following the year  
4 in which the property is first placed into service is 75 percent;

5 (3) the recapture percentage during the third year following the year in  
6 which the property is first placed into service is 50 percent;

7 (4) the recapture percentage during the fourth or subsequent year  
8 following the year in which the property is first placed into service is zero percent;

9 (5) qualified investment property used on a vessel is considered to  
10 have been removed from the state on the first day of a tax year in which the proportion  
11 of raw salmon processed in the state on the vessel is less than 50 percent of total  
12 weight of raw salmon processed on the vessel in and outside of the state.

13 (h) The amount of a tax credit recaptured under (g)(1) - (3) of this section may  
14 not be included in the determination of the amount of that tax credit that is allowable  
15 under this section or AS 43.75.036.

16 (i) In this section,

17 (1) "first placed into service" means the moment when property is first  
18 used for its intended purpose;

19 (2) "new property" means property whose original use commences  
20 with the taxpayer and does not include property first used by another person;

21 (3) "qualified investment" means the investment cost in depreciable  
22 tangible personal property with a useful life of three years or more to be used  
23 predominantly to produce value-added salmon products beyond gutting of the salmon;  
24 in this paragraph, "property" includes filleting, skinning, portioning, mincing, forming,  
25 extruding, stuffing, injecting, mixing, marinating, preserving, drying, smoking,  
26 brining, packaging, blast freezing, or pin bone removal equipment;

27 (4) "tax liability" means the liability for all taxes under this chapter  
28 before all credits allowed by this chapter;

29 (5) "useful life" means the useful life of the property which is or would  
30 be applicable for purposes of depreciation.

31 **Sec. 43.75.036. Salmon utilization tax credit.** (a) A taxpayer that is a

1 fisheries business may claim a salmon utilization tax credit of 50 percent of the  
2 amount of the qualified expenditure in the state in the tax year for full utilization of  
3 salmon.

4 (b) The amount of the tax credit applied against taxes under this section may  
5 not

6 (1) exceed 50 percent of the taxpayer's tax liability incurred under this  
7 chapter for salmon during the tax year; or

8 (2) be claimed for property first placed into service, or for expenditures  
9 incurred, after December 31, 2005.

10 (c) If the tax credit is claimed for installation or operation of new equipment  
11 on a vessel, the amount of the qualified expenditure under (a) of this section is  
12 determined by multiplying the cost of the installation or operation of the equipment by  
13 a fraction, the numerator of which is the weight of raw salmon processed on the vessel  
14 by the taxpayer in the state in the tax year in which the equipment is first placed into  
15 service, and the denominator of which is the weight of raw salmon processed on the  
16 vessel by the taxpayer in and outside of the state in the tax year in which the  
17 equipment is first placed into service.

18 (d) An unused credit under this section may be carried forward and applied  
19 against the tax liability incurred on salmon in the following three tax years.

20 (e) Qualified expenditures for which a tax credit is claimed under this section  
21 may not be considered for another tax credit in this title. A tax credit applied under  
22 this section together with a tax credit applied under AS 43.75.035 may not exceed 50  
23 percent of the taxpayer's tax liability incurred for the processing of salmon during the  
24 tax year.

25 (f) A taxpayer may not claim the tax credit allowed under this section if the  
26 taxpayer is in arrears in the payment of assessments under AS 16.51.120, contributions  
27 under AS 23.20, or taxes or assessments collected or owed under this title. For  
28 purposes of this subsection, a taxpayer is not in arrears if the liability for the  
29 assessment, contribution, or tax is under administrative or judicial appeal.

30 (g) If, during a tax year, equipment for which a credit was claimed under this  
31 section is disposed of by the taxpayer, ceases to be a qualified expenditure, or is