

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3161

43

Potential Labor Shortages

Plumbers & Pipefitters	30%
Equipment Operators	77%
Truck Drivers	580%
Laborers	36%



What's Being Done

- Current Apprenticeship Programs
 - 1855 total apprentices
 - 798 Newly registered apprentices, 363 cancelled
 - 166 Completed Training in 2005
 - 15% of Need

- State Efforts

Long term strategy completed 2005

\$20 million training funds for Gas line



What's Being Done

■ AGC Efforts

- Build Up
- NCCER
- UAA
- Career Academy – Mat-Su/AGC
- Construction Academy – AGC, DOLWD, ASD, AHB, AWP, CITC



AEDC 2006

Workforce Development Conference Report



ANCHORAGE
Economic Development
Corporation

Message From The President of AEDC

In a short time, our state will likely be facing a critical shortage of qualified workers. This shortage will be caused by a growing Alaska economy, potential gas pipeline construction, increased capital project development, increased oil and gas development, and an aging workforce.

On October 9, 2006, the Alaska Workforce Development Conference was held. Our approach to this conference was to bring together the many different organizations in Alaska that have been working to help address the workforce challenge. The intent was to encourage synergies between them and to develop solutions with them that would help ensure Alaska can meet the upcoming employment challenges. Included in this report are a proposed set of concrete action steps that the next administration, the next Legislature, and we as Alaskans can take to make this problem a great opportunity for our state.

Combining our strengths statewide towards solving our workforce challenges will be critical to a bright economic future for Alaska. The time lag inherent in meeting future workforce needs requires this issue be a primary agenda item for our next Governor, their administration, and the 25th Alaska Legislature. Alaska's workforce challenge must also be at the top of mind for Alaskan residents, our leaders, and the companies doing business here; each of us has a role to play.

In order to meet our goal, the day opened with attendees hearing from a panel of experts who discussed current efforts and analysis on the Alaskan workforce challenge in order to establish a common base of understanding for all participants.

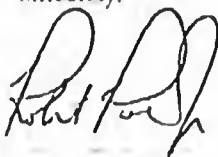
Immediately following, a total of four break-out periods were held on recruitment, training, employment, and funding. For each topic a facilitator led the discussion on what tactics are working, what are missing, and brainstormed strategies that addressed the problems identified. At the end of the day, the entire group came back together to vote on the proposed solutions in order to develop a strategy the next administration and Legislature could take to meet Alaska's workforce development challenges.

Lunch time and breaks provided the opportunity to learn more about what others are doing to address the workforce development problem in Alaska through exhibits and other displays.

This report includes many elements from the work accomplished on October 9. A total of four action statements passed with 75% voter approval, while two did not meet that standard. For your information, we have included all six of the proposed action items. Also included is an overall conference description and summary of presentations that were discussed. In addition, we have included results from a survey we conducted in the early planning stages, which guided us when choosing what subjects to focus on during the conference. Lastly, a list of all action statements proposed during the breakout sessions is included.

We look forward to starting the work our participants have completed on the subject as well as working with you to implement and find solutions to Alaska's workforce development issues.

Sincerely,



Robert G. Poe,
President and CEO,
AEDC



2
Action Statements
and
Approval Rating

3
Conference
Overview

4
Summary of
Presentations

7
Appendix

7
Preliminary
Survey Results

9
Issues Discussed

For more information on
workforce development in
Alaska, please call AEDC at:
(907) 258-3700 (Anchorage)
(800) 462-7275 (Statewide)

Online visit www.aedcweb.com



Action Statements and Approval Ratings

Passed

1. Establish a career and technical education outreach program where employers partner with the State of Alaska, the University of Alaska, local schools, and tribal partners to assist students (P-16), parents, out-of-school youth, and employed/unemployed Alaskans to learn about training, internship, apprenticeship, and employment opportunities. Provide tax credit to encourage employers where possible. (passed by 96%)
2. Build on ALEXSYS and appropriately market an internet-based training and employment clearing center to help students and unemployed Alaskans find training and employment opportunities; and employers find qualified employees and candidates for training programs. (passed by 85%)
3. Establish, in collaboration with private sector employers, a clearly articulated career and technical education program that:
 - Is funded over the long term,
 - Utilizes existing education facilities more fully including evenings, weekends, and summers,
 - Uses a broad range of educational resources, not limited to the University of Alaska,
 - Includes a broad range of options including apprenticeship, internship, and private career and technical education programs,
 - Specifically targets rural Alaskans, and out-of-school youth, and
 - Use distance learning capabilities where available. (passed by 96%)
4. The Governor and Legislature should restructure the Alaska Workforce Investment Board (AWIB) by establishing a direct reporting relationship to the Governor, making it industry driven, and establishing full time professional staff to support the Board. (passed by 83%)

Failed

1. State of Alaska should support the student loan program and consider funding a loan forgiveness program in certain strategic fields. (failed 69% of vote – needed 75% to pass)
2. All State of Alaska capital spending should require use of apprentices from accredited apprenticeship programs. (failed 45% of vote – needed 75% to pass)

Workforce Development Conference Overview

Recognizing the impact of statewide workforce issues that will face Alaska over the next decade, AEDC took a proactive approach by hosting a one-day conference for residents to gather and discuss solutions.

The goal of the conference was to bring together different organizations that have already begun to address the issue; to create a clear plan of action and to ensure that workforce development is a top agenda item for the next administration.

To determine the issues and topics of the conference, AEDC conducted a statewide poll of community leaders inquiring the priorities of Alaska's workforce development needs.

The conference program included presentations from Commonwealth North, University of Alaska, AFL-CIO, Cook Inlet Tribal Council, Associated General Contractors and a report from the "Putting Alaskans Resources to Work" (PARW) initiative.

With over 100 Alaskans attending, representing 75 organizations and businesses and 12 communities from Barrow to Juneau, the AEDC Workforce Development Conference was a success.

Summary of Presentations

CommonWealth North White Paper on Workforce Development

Alice Galvin, BP

Jeff Staser, Staser Group

68,000 Alaska jobs, from all sectors of our economy, are held by non-residents. In other terms, 30% of the market of private sector jobs goes to non-residents. Meanwhile, Alaska's unemployment rate is about 50% above the national average. With no overarching state plan to shape our economic future, our workforce development efforts have become reactive rather than proactive.

This has become a problem that all Alaskans need to address, not just government alone. The goal of workforce development is to increase income for individual Alaskans who live in or are born in Alaska. There are four key components that will help us accomplish this; economic development, workforce development and training, healthy communities, and education, all incorporated into a shared community vision.

Ten recommendations are proposed:

1. The Governor must set clearly quantified targets for Alaskan participation in quality jobs.
2. Utilize the full capacity of the Alaska Workforce Investment Board (AWIB).
3. Establish an economic development plan for Alaska that integrates workforce development, education, and healthy communities.
4. Ensure all funding spent on workforce development includes integration with economic development, healthy communities, and education reform efforts.
5. Establish an Information Clearinghouse within AWIB that will have three major components; Information Base, Evaluation, and Technical Assistance.
6. Force strong alignment between the Department of Labor and Workforce Development and the Department of Commerce and Economic Development.
7. Reconfigure the educational system.
8. The Board of Regents and the Board of Education must coordinate and align their goals.
9. Promote healthy communities.
10. The interest, participation, and enthusiasm of industry must be engaged in Alaska's future workforce development.

Vocational Education White Paper on Workforce Development

Mary L. Madden, Madden Associates

Vocational education is becoming increasingly important to building Alaska's workforce. University of Alaska enrollment in high demand occupation programs has continued to rise year over year leading to increased community college functions, funding, and business/industry partnerships. In addition, career and tech centers, private postsecondary programs, and adult program funding has become more readily available.

Recommendations to boost Alaska's output of vocation educated workers includes establishing stable and sufficient funding, incorporating high academic quality in secondary programs, enhancing industry involvement, and providing career education early in the process.

Labor's Perspective on Workforce Development

Vince Beltrami, AFL-CIO

Labor sees the workforce development challenge rooted in replacing and replenishing the aging workforce in preparation to build mega projects. The key barriers Alaska is facing is a shortage of skilled workers and educated applicants, diminished funding of voc-ed schools, bigger K-12 classrooms, the inability to attract qualified teachers, and spiraling drop out rates, all compounded by a lack of a comprehensive plan.

New ideas that should help solve the workforce challenge from a labor standpoint include articulation agreements with schools and districts around the state, a state funded pipeline training facility in Fairbanks, and a construction academy at the King Career Center.

Alaska Native Perspective on Workforce Development

M.J. Longley, Cook Inlet Tribal Council

Alaska boasts the nation's largest indigenous population per capita; one in five residents are Alaska Native. We must also keep in mind the contribution that Alaska Native organizations make to the development of Alaska's workforce. In 2005, of the top 100 largest private employers in Alaska, 17 were Native-owned. In addition, ten of the top 22 nonprofit employers were Native organizations.

Although close to half of Alaska Native men and women are working, the difference in wages between Alaska Natives and non-Natives is \$17,000 per year. Employing poverty criteria, 20% of Alaska Native households fall below the poverty line compared with 7% of non-Native households. Unemployment rates continue to be significantly higher for Alaska Natives than non-Natives as well.

CITC places a high value on the critical need for Alaska Natives to attain transitional skills, to transfer rural skills to an urban employment environment, and to transport workforce skills to any location by exercising employment options available to the majority of Alaskans. CITC is currently seeking support for additional vocational training centers in urban centers impacted by the high mobility and in-migration of rural Alaska Natives; increased capacity to recruit and train Alaska Native workers in high growth industries; and a provision of career guidance in Alaska schools and colleges; and a focus on prioritizing opportunities for Alaska's growing out-of-school youth population.

Putting Alaska Resources to Work

Colleen Ward, XCEL

Dave Rees, BP

Many upcoming projects in Alaska including the natural gas pipeline, Cook Inlet gas and oil development, and mining, will require a huge number of workers for construction, but for fewer legacy jobs. These legacy jobs, which are "goods-producing," are not the growth leaders but are among the best paid and promise a long career.

Four strategies have been identified in order to put Alaska resources to work:

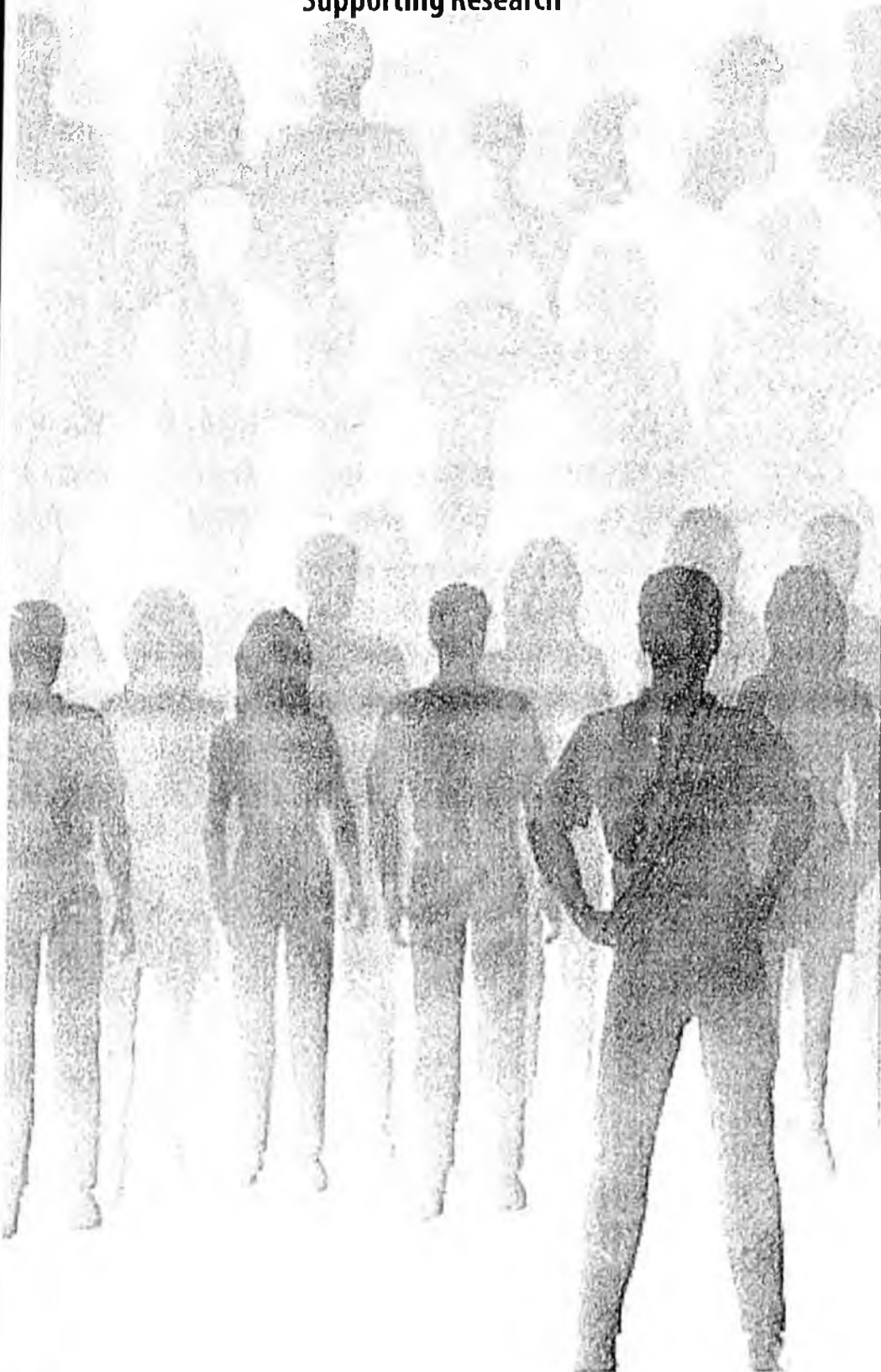
- engage the stakeholders
- train the workforce
- employ skilled Alaskans
- adaptively sustain the system

By engaging the stakeholders, we can provide career education and enhance industry recruitment and public awareness, while increasing funding. In order to train our workforce, we must integrate career and technical education into K-16, fill postsecondary gaps, retrain, and capitalize on retirees. By aligning the availability with the needs and focusing on placement, we will employ our skilled laborers. Lastly, by achieving stable and just-in-time funding, we can adaptively sustain our workforce.

Appendix of Supporting Research

Preliminary Survey Results

The results from the following survey determined the direction of the Workforce Development Conference held in October 2006. Respondents were asked to rate how important each issue was to the future of Alaska.



Responding effectively to large capital projects on Alaska's horizon – i.e. – natural gas pipeline, Pebble Mine, Pogo Mine, Kensington Mine, Port of Anchorage, etc.

85.3% Very Important
11.9% Somewhat Important

Employing Alaska's next generation – making sure that professional jobs are available for college graduates that are seeking opportunities in Alaska.

78.9% Very Important
21.1% Somewhat Important

Creating/expanding programs that encourage high school students to seek certifications and degrees in the technical fields.

67.9% Very Important
26.6% Somewhat Important

Keeping young professionals in Alaska in an effort to replace retiring baby boomers.

67.0% Very Important
26.6% Somewhat Important

Avoiding economic downturn once large projects are completed.

67.9% Very Important
22.9% Somewhat Important

Increasing Alaskan hires.

59.6% Very Important
35.8% Somewhat Important

Maintaining workforce for existing Alaskan companies during heated economic times and having an adequate workforce for minimum wage jobs.

47.7% Very Important
37.6% Somewhat Important

Implementing a P-20 educational system to improve links between interdependent parts of the education system, such as that between high school and college.

37.6% Very Important
39.4% Somewhat Important

Implementing guest worker program JI Visa – enhancing international relationships and encouraging work visas for international students while they are in Alaska.

10.1% Very Important
47.7% Somewhat Important

**Issues and additional action statements
discussed at the October 2006 Workforce
Development Conference**

(Listed in no particular order)

Reinstate student loan forgiveness and/or provide
affordable student loans

Identify appropriate skill tests and measure standards

Cooperation between vocational groups

No Child Left Behind Act displaces emphasis

Fix the Alaska Workforce Investment Board (AWIB)
and listen to it

- Empower it
- Make it actionable
- Follow its recommendations

Adequately fund secondary, career, and technical
education

Common vocabulary through out the system

Market Alaskan opportunities locally

The state should require that every state job offer
a registered apprenticeship program to help others
learn business skills

Develop a program where employers go into classrooms
and share with students what it is like to do different
jobs, offering students insight into different careers

Generate exciting career fairs for middle school
and high schools

Find alliances between

- Providers
- Suppliers
- Employers
- Job Seekers

Start early learning programs

Meet constitutional requirement to fund the connection of the P-16 thru Adult Learner system

Use career resource counselors and bring in the community to convey message of career pathways including non-college track starting in elementary school

Leverage resources that understand multi-generational appropriate messages (i.e. Generation X, Generation Y)

Increase compulsory education age to 18 years or H.S. diploma

Conduct a comprehensive inventory of Alaska jobs

Use governor's office to profile/promote math/science achievement and employability skills in our schools

Industry re-educate itself on what skills are really needed for positions

Industry to increase flexibility to work with employees' job descriptions as their life situation and job skills change

Need training facilities in rural Alaska, i.e. teaching facilities w/ housing

Tax credits/incentives and grants for industry to partner with education/training providers

Build and fund partnerships/coalitions to utilize existing infrastructure between individual entities and industry

Partner/Fund program to educate high school students about options beyond university -- CTE (sophomore year & beyond)

Clear statewide vision of a complete education package and adequate funding (Career Technical Education CTE)

Recommend legislative bill that a percentage of state general fund revenue will go towards CTE

P-16 strategy that recruits and retains students and teachers

Better utilization and provision of distance delivery capabilities

Develop workforce collation around common areas and recommendations

Increase Accreditations

Earmark Career and Tech education/Vocational education training

Industry contribution (based on ROI)

Make it clear that everyone is responsible for funding

Long term funding strategy, identify needs/amounts, and ROI-payback

After hours instruction and training for high school and OSY (out of school youth)

UAA become a year round school in all fields

Postsecondary/ University- Fast track (TVC)
Extend school year, extend school hours. We add more and more to teacher plates and not enough time to teach the curriculum

Support and build quality trainers and retain the ones we have

Give incentive for employers to train

Thank You To Our Event Sponsors

Platinum Conference Sponsors



VISION | Anchorage

Reception Sponsors

ASRC Energy Services
Shell

Lunch Sponsor

FedEx Express

Breakfast Sponsor

Providence Alaska Medical Center

Coffee Break Sponsors

Flint Hills Resources
Hilton Anchorage Hotel

Breakout Session Sponsors

ConocoPhillips, *sponsored three sessions*
Alaska Regional Council of Carpenters
Totem Ocean Trailer Express, Inc.

Thank You To The Breakout Session Facilitators

Mike Andrews,
Director,
Alaska Works Partnership

Dick Cattanach,
Executive Director,
Associated General Contractors of Alaska

Jan Gehler,
Dean of Community and Technical College,
University of Alaska

Alice Galvin,
Manager of Talent and Learning, BP

Colleen Ward,
APIC-PARW Consultant,
XCEL

A Special Thank You To The Following Volunteers

Steffi Anderson,
Dimond High School

Danielle Brulotte,
Dimond High School

Josh See,
Service High School

Sarah Strahle,
Dimond High School

Stella Josephine,
Buy Alaska

Rachel York,
Buy Alaska

A Special Thank You To Our Steering Committee

Mike Higley,
Committee Chair,
FedEx Express

Bruce Bustamante,
ACVB

Carol Comeau,
Anchorage School District

Sandra Halliwill,
BP

Sophie Minich,
CFRI

John Palmatier,
Alaska Regional Council of Carpenters

Alaska's Construction Spending

2007 Forecast

Fourth Annual Report
for the
**Construction
Industry
Progress Fund**
and the
**Associated
General Contractors
of Alaska**

By
Scott Goldsmith
and Mary Killorin
Institute of Social
and Economic Research
University of Alaska
Anchorage

CIPF



Dear Alaskans,

The Construction Industry Progress Fund (CIPIF) and the Associated General Contractors of Alaska (AGC) are pleased to provide you with this Alaska Construction 2007 Spending Forecast.

This vital, informative review and estimate of construction activity in the State of Alaska is in its fourth year of publication.

Compiled and written by Scott Goldsmith and Mary Killorin of ISER at the University of Alaska Anchorage, the forecast looks at construction activity, projects and spending by both the public and private sectors for 2007.

Construction is the third-largest industry in the state, pays the state's second highest wages, employs nearly 22,000 workers with a payroll over \$1 billion, accounts for 20% of Alaska's economy and currently contributes more than \$7 billion annually to the state's economy.

I hope you enjoy reading this publication. When the construction industry is vigorous, so is the state's economy.

Sincerely,



J. A. Fergusson
CIPIF President



Overview

Total construction spending in Alaska in 2007 that "hits the street" will be \$7 billion, an increase of 7% from a revised figure of \$6.56 billion in 2006.¹

However, construction spending excluding the oil and gas sector—which by itself will account for 38% of the total—will be down from \$4.525 billion to \$4.365 billion, a drop of 4%.²

Because of increases in the cost of materials during 2006, construction industry employment, narrowly defined, will be essentially flat in 2007 even though total

spending is expected to be higher than last year. Nevertheless, 2007 will be another very strong year for the construction industry, particularly among firms working for the oil and gas sector.

This year private-sector construction spending is projected to be \$4.55 billion, up 15% over 2006, driven by a 30% increase in spending by the oil and gas sector. Public spending will be \$2.45 billion, down 6% from 2006, due to a decline in federal spending that will not be totally offset by an increase in spending from state funding sources.

¹ Our original projection for 2006 was \$6.525 billion. We subsequently revised mining down slightly to reflect a slowdown in development of Kensington and Rock Creek mines. We increased our estimates of residential and commercial construction marginally to reflect higher construction costs. For the 2007 projection, we reclassified local road construction from state and local government to highways. The net effect was an increase of \$80 million.

² We define total construction spending broadly to include not only the construction industry as defined by the U.S. Department of Commerce and the Alaska Department of Labor but also other activities. Specifically, our construction spending figure encompasses all the spending associated with construction occupations (including repair and renovation, but excluding design and planning), regardless of the type of business where the spending occurs. For example, we include the capital budget of the oil and gas and mining industries in our figure, except for large, identifiable equipment purchases such as new oil tankers.

³ A significant share of the state capital budget is for the purchase of equipment, for capitalizing funds such as the Power Cost Equalization Fund, and for various operating programs.

Uncertainty in the forecast for 2007 comes from several sources. The decline in the crude oil price in recent months may cause some firms working in the oil patch to re-evaluate their capital budget decisions and slow their rate of investment in exploration and development. All sectors of the industry are continuing to experience rapid increases in construction material costs that will undoubtedly cause some projects to be canceled or postponed, as has been the case in the last several years.

Public construction spending estimates are complicated by the fact that a federal budget for the 2007 fiscal year, which began in October of last year, has yet to be passed. In the absence of a budget, federal agencies have generally planned on program funding at the same

level as last year. That could change when the budget is finally passed. The state capital budget enacted for 2007 is much larger than in it was in 2006, but the new governor may decide not to fund or to delay the funding of some projects it contains.³

As in past years, some firms are reluctant to reveal their investment plans, because they don't want to alert competitors, and some have not completed their 2007 planning. Large projects often span two or more years, so estimation of cash that will "hit the street" this year is difficult. And tracing the path of federal spending coming to Alaska without double counting is a challenge. We are confident of the overall pattern of the forecast, but some surprises should be expected, as is always the case.

Alaska Construction Spending 2007 Forecast

	Level	Change
PRIVATE	\$ 4,550,000,000	15%
Oil and Gas	2,650,000,000	30%
Mining	195,000,000	-
Other Rural Basic Industry	20,000,000	-60%
Residential	750,000,000	3%
Other Commercial	350,000,000	8%
Hospitals	200,000,000	-9%
Utilities	385,000,000	-4%
PUBLIC	\$ 2,455,000,000	-6%
National Defense	570,000,000	-22%
Highways	425,000,000	-17%
Airports and Ports	360,000,000	9%
Alaska Railroad	100,000,000	25%
Denali Commission	100,000,000	-
Education	350,000,000	13%
Other Federal	365,000,000	-9%
Other State & Local	185,000,000	32%
TOTAL	\$ 7,005,000,000	7%

Source: Institute of Social and Economic Research

PRIVATE CONSTRUCTION

Privately funded construction projects will account for about 65% of total construction spending in 2007. This represents a 15% increase in spending compared to the total of \$3.96 billion in 2006.

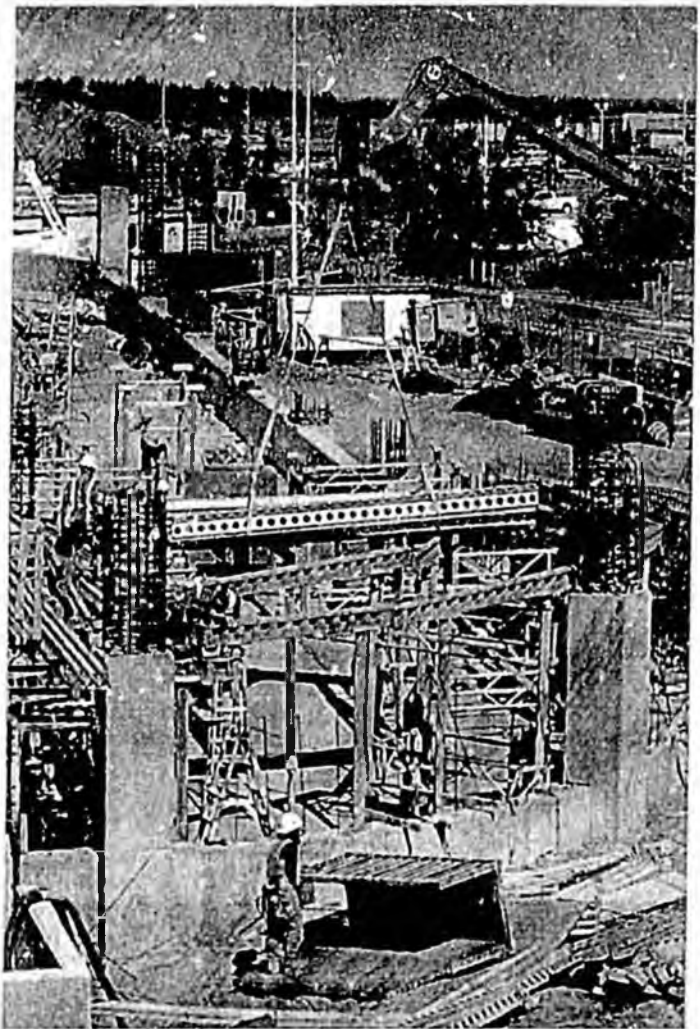
Oil and Gas: \$2,650 Million

Spending in 2007 is expected to be about 30% above the level of last year due to an increase in exploration and development activity, primarily on the North Slope, by both the major producers and smaller independents. Although part of the increase is due to higher construction costs, the companies have announced plans to add additional workers and drill more wells. It is possible, of course, that some companies may re-evaluate their announced capital expenditures in light of crude oil prices, which have fallen significantly in the last few months.

The North Slope majors—BP, Conoco-Phillips, and Exxon—expect to invest over

\$1.6 billion in their Alaska operations in 2007. This will be concentrated on North Slope exploration and development because, unlike in past years, they will not be spending any of their Alaska capital budget on the purchase of tankers. Work will concentrate on, among other projects, the Alpine satellites, West Sak heavy oil, continued development of the Prudhoe Bay and Kuparuk areas, and construction of an ultra-low-sulfur diesel production facility. The completion date for the major reconfiguration of the trans-Alaska pipeline has been pushed back at least through this year, but netting that out of the total still leaves an increase in spending over last year for North Slope activity.

Activity on the North Slope by independents is up sharply from last year. We estimate spending will be \$813 million. Shell has announced plans to drill four offshore exploratory wells and undertake a significant seismic program. Other companies that have announced plans to drill include Eni, Anadarko, Pioneer, FEX, Brooks Range Petroleum, and Savant.



Parking Garage, Ted Stevens Airport, Anchorage

In Cook Inlet, we expect exploration and development spending by Chevron, Marathon, and others will be modestly higher than last year at \$182 million.

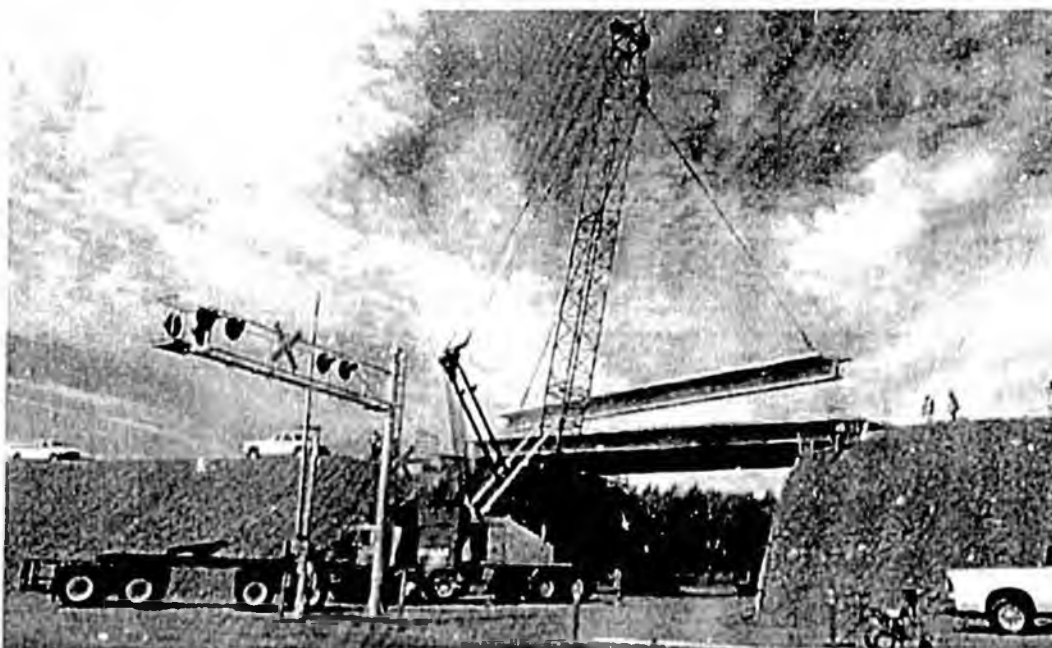
No significant new construction is anticipated at the refineries and other petroleum manufacturing facilities around the state.

Mining: \$195 Million

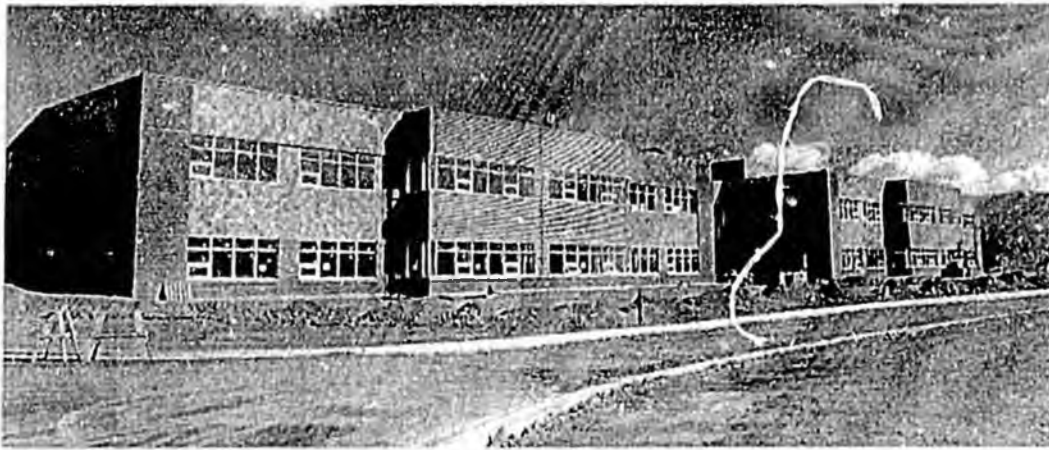
We anticipate spending by the mining industry—on exploration, development, and construction of new mines as well as upgrading existing mines—to be about the same as last year.

The largest share of development spending will be devoted to the continued construction of the Kensington Mine near Juneau and the Rock Creek Mine outside Nome. Construction schedules for both have been delayed and are complicated by ongoing legal challenges.

Exploration work will continue to be centered at the Pebble prospect west of Anchorage and the Donlin



Mile 276 Parks Highway



Nicholas J. Begich Middle School, Anchorage

Creek prospect northeast of Bethel. Although development plans for one or both of these projects may be forthcoming in the near future, it is likely to be several years before construction could occur at either of these large mining prospects.

Most of the other large operating mines will have more modest construction budgets this year, including the Red Dog, Pogo, Ft. Knox, Nixon Fork, Greens Creek, and Usitelli mines.

Exploration continues at a number of different prospects, buoyed by high metal and energy prices.

Other Rural Basic Industries: \$20 Million

Although no large construction projects have been announced for the tourism, seafood, timber, and manufacturing sectors this year outside of the urban areas, we expect that normal maintenance associated with existing facilities will result in about \$20 million in spending, down from \$50 million last year.

Utilities: \$385 Million

Major telecommunication firm spending will increase

modestly this year, to \$160 million, and natural gas utility spending at \$23 million will also be higher because of a project to augment service to Fairbanks with LNG trucked from the North Slope.

Electric utility capital spending will be down from last year (at \$170 million) with the completion of the Golden Valley Electric Association capacity expansion.

Private air freight facility expansion at Ted Stevens International Airport in Anchorage and small private port projects in the southeast will add about \$40 million to the total.

Hospitals: \$200 Million

Non-military hospital construction is projected to be down slightly from 2006. The Providence Health System is projected to have the largest construction budget this year, and a new Veterans Administration clinic in Anchorage will be under construction.

Most other private, public, and nonprofit hospitals around the state have smaller expansion plans. The new hospitals planned for Nome and Barrow are on hold this year pending funding from the federal government.

Other Commercial: \$350 Million

Private commercial construction spending consists of a wide range of building types including retail, office, medical, hotel, and warehouse space.⁴ Some spending is driven by both the size of and growth in the economy, but the level of spending in this sector tends to be somewhat volatile given the small size of most commercial real estate markets. A few large projects have a big influence on the total for the year.

We expect spending to be higher this year, at \$350 million, driven by a continued strong economy and a few large projects.

The largest projects are the expansion of the Anchorage museum and the new convention center. A number of large office buildings are also in various stages of planning,

⁴ Our commercial construction figure is not comparable to the published value of commercial building permits reported by Anchorage and other communities. Sometimes municipal reports of the value of construction permits include government-funded construction, which greatly increases the total. We report all government construction in different categories. In addition, we have excluded hospitals, utilities, and private transportation facilities from our commercial total and reported them elsewhere.



Fence Addition, Fort Richardson, Anchorage

as are several large retail establishments, some of which are new to Alaska. However, the rapid increase in construction costs in the last several years will probably cause some developers to reconsider their plans.

Additional retail space will continue to be the most important component of commercial construction for the Mat-Su Borough.

Fairbanks commercial construction spending will be strong, as a result of population growth stemming from military expansion.

Activities in the other smaller markets of the state will be mixed, depending on local economic conditions.

Residential: \$750 Million

Rising prices will drive total residential construction spending higher this year in spite of a softening of the market in response to those higher prices. The number of new units should be down from previous highs for this reason.

The higher prices will continue to shift demand away from single-family and toward multifamily and rehabilitation of existing units.

We will continue to see a shift in new residential construction in Southcentral Alaska—which accounts for about 80% of new construction—away from Anchorage and toward the Mat-Su Borough. Anchorage residential construction will be increasingly composed of multifamily units and higher-value single-family homes.

Activity in Fairbanks will be robust due to an increase in military personnel.

Activity in the rest of the state will be mixed, depending on local economic conditions. Juneau and the Kenai Peninsula, in particular, will see strong residential spending.

PUBLIC CONSTRUCTION

Public construction spending in 2007 is expected to be about \$2.45 billion, down 6% from last year due to a modest decline in spending financed by the federal government.

The majority of funding for public construction comes from the federal government, with smaller amounts from state and local sources financed by current revenues and bonds.

There are numerous ways to categorize public construction spending. For ease of collecting information about them, we have put them into eight categories.

National Defense: \$570 Million

Defense spending will be down \$160 million from last year. The drop is due to completion of the large military hospital at Fort Wainwright and a decision to slow the pace of expenditure of funds for construction activities at the main Alaska bases.

This budget consists of all military expenditures for defense purposes, as well as Corps of Engineers spending for environmental remediation and civil works—such as flood control. In recent years

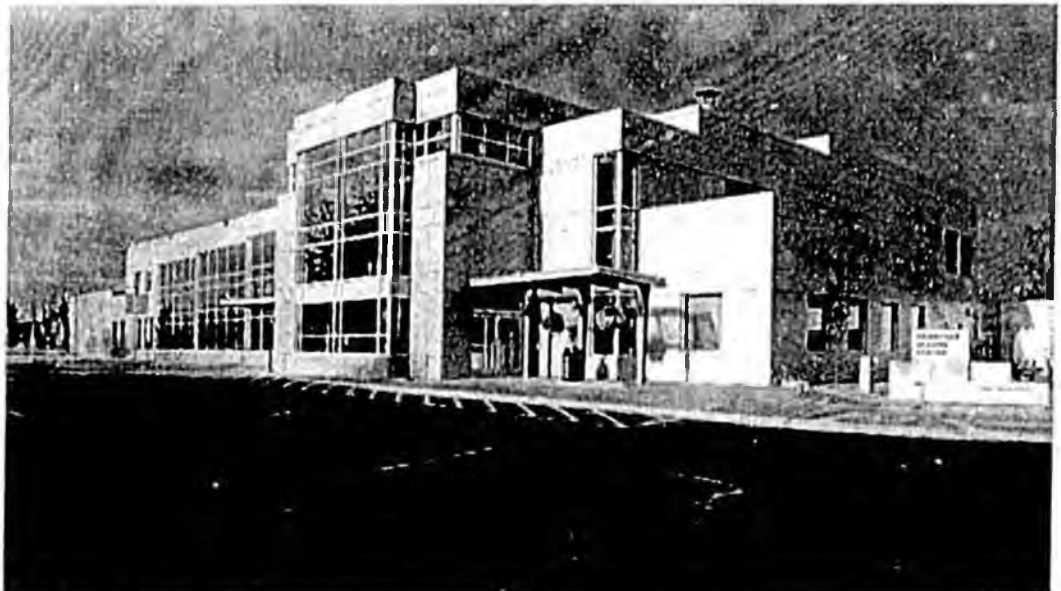


Canyon Lodge, Denali National Park

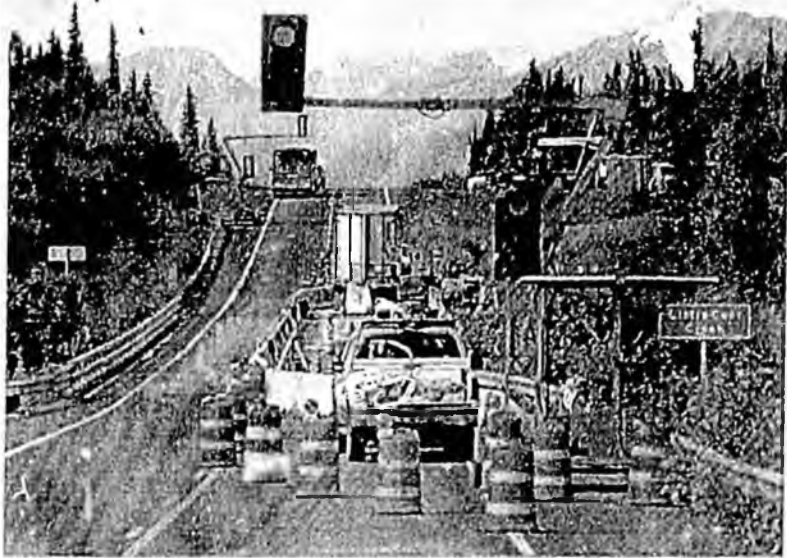
Alaska has benefited from an exceptionally large share of the total defense budget, and that is likely to remain high for several more years. In 2005 Alaska received over 7% of the entire budget of the Army Corps of Engineers, making Alaska the third largest recipient of Corps of Engineers construction dollars.

Highways: \$425 Million

Although the amount of federal money authorized for highway construction in Alaska has increased in recent years, actual expenditures this year are expected to be down about \$25 million from last year.



Fairbanks Imaging Center



Little Coal Creek, Parks Highway

Federal funding will be down \$125 million. This is due to uncertainty over the use of funds that have been earmarked in federal legislation for two large Alaska projects—the bridge over Knik Arm in Southcentral Alaska and the bridge between Ketchikan and Gravina Island in Southeast.

The drop in federal funding will be partially offset by an increase in funding from state sources of \$41 million.

Airports and Harbors: \$360 Million

The budget for airports and harbors will be up \$30 million from last year to \$360 million.

As in past years, the largest share of funding comes from about \$200 million in federal funds from the Federal Aviation Administration. This will be spent on airport construction projects in the \$5- to \$10-million range throughout the state.

Spending at the major airports in Anchorage and Fairbanks will be \$110 million, up \$20 million from 2006. Most of the activity will be at the Ted Stevens International Airport in Anchorage, but a major upgrade at Fairbanks International Airport will get underway this year as well.

Spending at the Anchorage Port will be \$36 million on renovations and upgrades. The port is still in the process of putting together its large-scale expansion project, which will cost upwards of \$300 million. This will boost construction spending for airports and ports in future years.

State funded projects will add \$10 million to the total.

Alaska Railroad: \$100 Million

The capital construction program for modernizing and upgrading the Alaska Railroad will continue this year at an increased level, up from \$80 million last year. Funding will come from a variety of federal

sources as well as retained earnings. The focus of the program this year will be on track rehabilitation, siding extensions and upgrades, bridge replacement and upgrades, passenger equipment, and a collision avoidance system.

Denali Commission: \$100 Million

Spending by the Denali Commission, created by Senator Ted Stevens to more efficiently direct federal capital spending to rural Alaska's infrastructure needs, will be about the same this year as last.

The commission is moving into the funding of transportation projects, including roads and waterfront development. It continues to fund energy projects—including bulk storage units—and health facilities. Development work has begun on hospitals in Nome and Barrow but construction is not expected to begin this year.

The Denali Commission's inventory of project needs is quite long, and we can expect a continuation at least at the current level as long as there is federal support for this program.

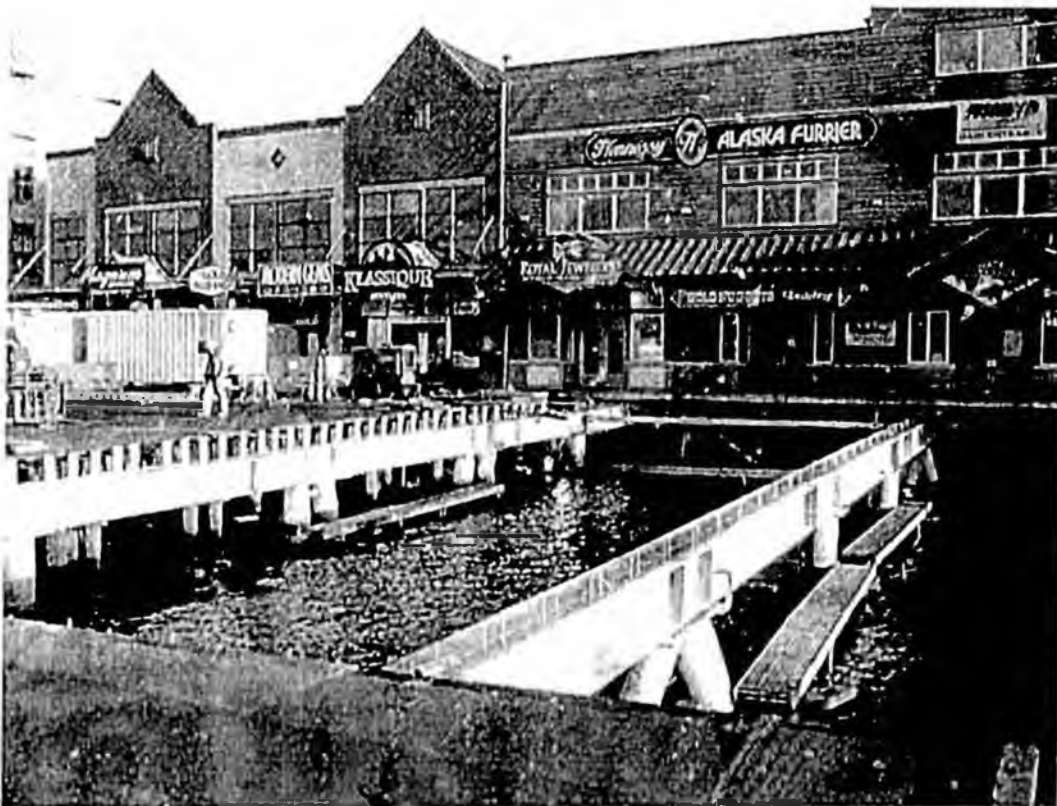
Education: \$350 Million

Education funding will be \$30 million higher than last year.

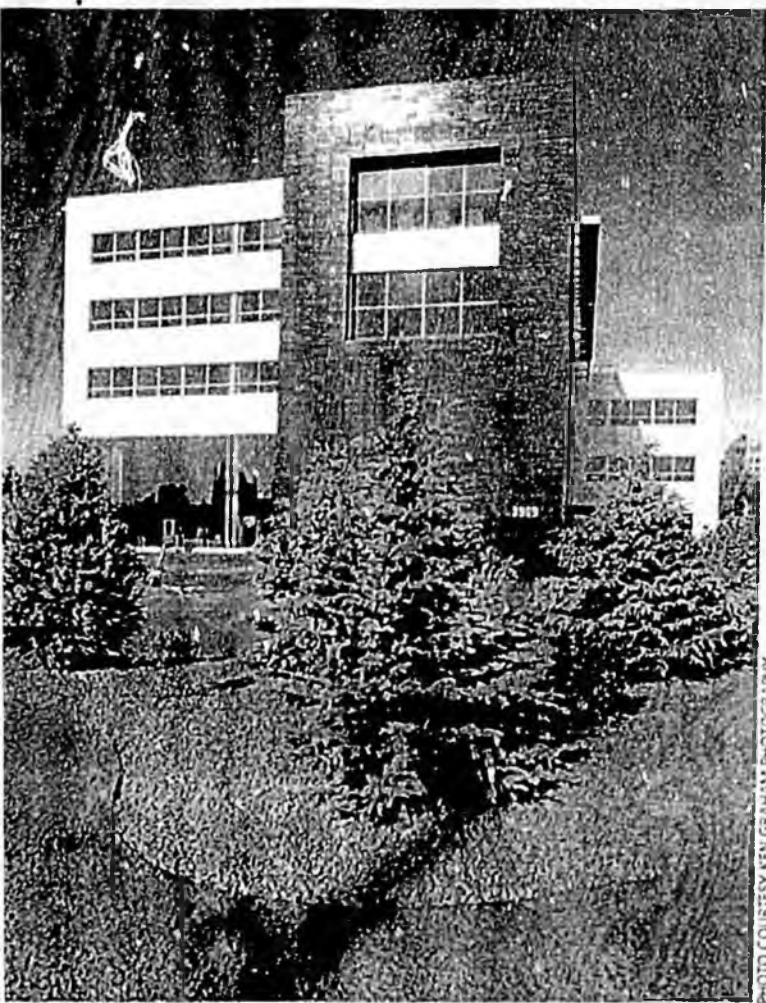
Primary and secondary funding is estimated to be \$225 million, funded by state grants and local bond authorizations for school construction and maintenance. An additional \$20 million is locally funded.

The state school construction priority list contains projects totaling more than \$1 billion for both construction and maintenance, so K-12 education spending should continue to be strong in the coming years.

University of Alaska construction projects will total \$105 million, concentrated in



Ketchikan Dock Replacement



Afognak Native Corporation, Alutiiq Center, Anchorage

Anchorage with work on the new integrated science building. Other capital spending will be spread among the campuses at Fairbanks, Juneau, and elsewhere.

Other Federal: \$365 Million

National defense; transportation spending for roads, airports, and ports; and the Denali Commission make up the largest and most visible part of federal construction spending in Alaska. We forecast an additional \$365 million of federal capital spending in Alaska for other types of projects.⁵ This is down from \$400 million last year.

⁵ It is difficult to track all the federal dollars that find their way into construction spending in the state because there are so many pathways, and they change every year. The possibility of double counting funds as they pass from agency to agency, or become part of a larger project, also creates difficulties for the analyst.

In a normal year, most of the state capital budget is funded by federal grants. Excluding transportation projects, the largest category is rural sanitation projects, based on grants from the Environmental Protection Agency, Indian Health Service, and other federal agencies. This initiative will be contributing \$100 million to state construction spending—\$10 million more than last year—to fund the village safe water program. Other state departments with significant federal funding for capital projects include Commerce, Natural Resources, Veterans Affairs, and Public Safety.

The federal government also provides grants and other construction funding to Alaska tribes, nonprofit organizations, and local governments across the state. The most important recipients

of these grants are Native nonprofit corporations, housing authorities, and health care providers. The largest single program is the Native American Housing Self Determination Act (NAHSDA) that provides funds for housing construction in Native communities through a large number of Native housing authorities throughout the state. Grants for health care not associated with a hospital or passing through the Denali Commission are also counted here. We expect spending for these programs to be down from \$150 million last year to \$120 million this year.

We expect the level of direct construction spending by other federal departments to be down significantly from last year—from \$110 million to \$70 million. This includes construction spending by the Department of the Interior (the National Park Service, U.S. Fish and Wildlife Service, and Bureau of Land Management), the Postal Service, the Department of Agriculture, and the National Oceanic and Atmospheric Agency (NOAA). For example, the Barrow Climate Change Laboratory is still waiting for funding to move forward.

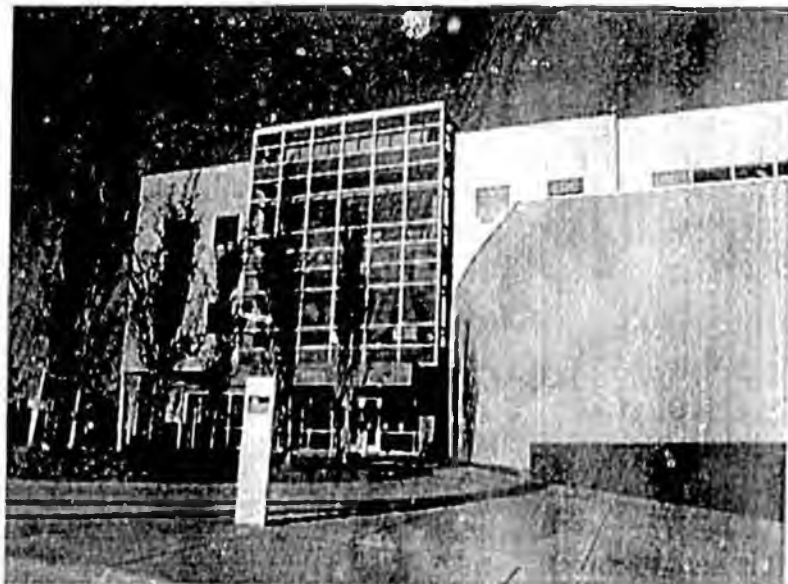
Other State and Local: \$185 Million

Other state and local government capital spending from own sources (not federal or state) will be \$185 million, an increase of \$45 million from 2006.⁶

We expect state-funded construction spending that is neither based on federal grants nor related to transportation or education to be about \$80 million, a significant increase from the previous year due to the large size of the 2007 fiscal year capital budget. These projects fall primarily in the Departments of Commerce, Community, and Economic Development, Health and Social Services, Corrections, Military Affairs, and Public Safety. A new prison, estimated to cost \$300 million, is in the planning stages, but is unlikely to be under construction until 2008.

Local government capital spending, from both general and enterprise funds, is estimated to be \$105 million. The largest component in this category is the Anchorage Water and Wastewater utility, which plans to spend \$62 million this year.

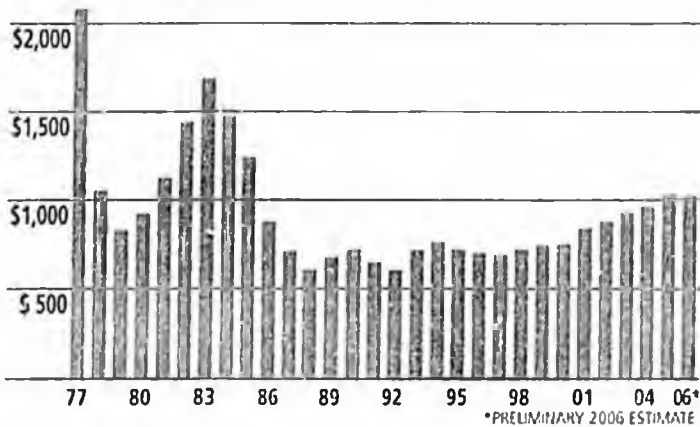
⁶ This category excludes state and local spending for education, highways, airports, and ports.



Orthopedic Physicians Building, Anchorage

Construction Industry Payroll

In Millions of 2005 Dollars



WHAT'S DRIVING SPENDING?

Construction activity—measured by total spending, jobs, payroll, or gross product—has experienced strong growth for more than a decade, driven largely by growing federal capital grants to Alaska, large federal agency capital budgets, and oil and gas spending.

These large external sources of construction funds not only fuel public spending and oil patch spending but also give a general boost to the economy—and thus add to the aggregate demand for new residential, commercial, and private infrastructure spending.

This growth is evident in the construction industry payroll (Alaska Department of Labor) shown in the graph above, which surpassed \$1 billion in 2005 for the first time since 1985. The values in years before 2005 are adjusted upward to account for inflation.

CONSTRUCTION IN THE OVERALL ECONOMY

Construction spending is one of the important contributors to overall economic activity in Alaska. It supports firms not only in the construction industry itself but also construction activity

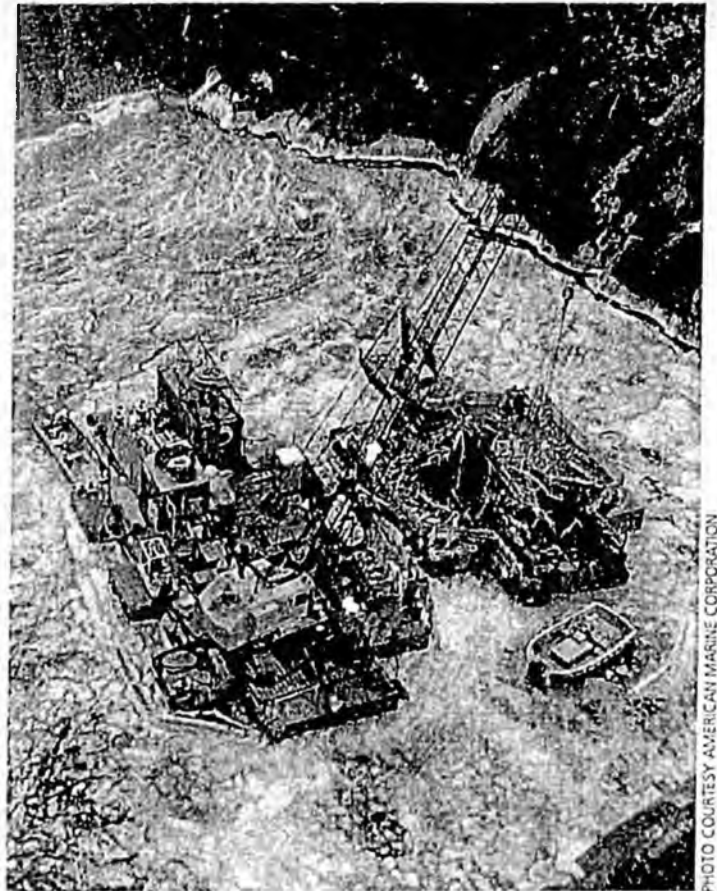


PHOTO COURTESY AMERICAN MARINE CORPORATION

Sitka Blue Lake Hydroelectric Project

“hidden” in other sectors of the economy such as oil and gas and mining.

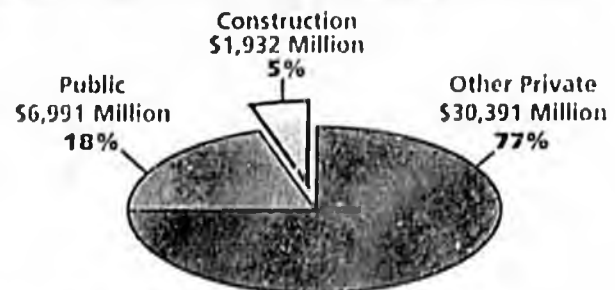
In addition, construction spending generates activity in a number of industries that provide input to the construction process. These “backward linkages” include, for example, sand and gravel purchases (mining), equipment purchase and leasing (wholesale trade), design and administration (business services), and construction finance and management (finance).

When the “hidden” construction activity and the “backward linkages” are

included, the contribution of construction spending to the economy is considerably greater than is reflected in Alaska's Gross State Product.

Measured by Gross State Product (GSP), the construction sector is only 5% of the economy (see chart below). But this consists mostly of the payroll of construction firms and does not reflect either construction “hidden” in other sectors or “backward linkages” to other industries. Including these would significantly increase the importance of construction as a component of GSP.

Alaska Gross State Product 2005: \$39 Billion



Source: U.S. Department of Commerce

Cover: Den'aina Civic & Convention Center, Anchorage

All photos by Danny Daniels Photography unless otherwise noted



Mile 1 Seward Highway

HB

61

SFIN

FILE

*Conceptual
Change*

Page 5, 6

V

**SENATE CS FOR CS FOR HOUSE BILL NO. 61(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - SECOND SESSION**

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

**Sponsor(s): REPRESENTATIVES NEUMAN, Lynn, Buch, Harris, Foster, Nelson, Chenault, Wilson,
Johansen, Roses, Dahlstrom, Joule, Seaton**

**A BILL
FOR AN ACT ENTITLED**

1 "An Act relating to tax credits for cash contributions by taxpayers that are accepted for
2 certain educational purposes, including vocational education programs and courses at
3 the secondary school level and to tax credits for cash contributions by tax payers that
4 are accepted by a state-operated vocational technical education and training school; and
5 providing for an effective date."

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

7 * Section 1. AS 21.89.070 is repealed and reenacted to read:

8 **Sec. 21.89.070. Insurance tax education credit.** (a) A taxpayer is allowed a
9 credit against the tax due under AS 21.09.210 or AS 21.66.110 for cash contributions
10 accepted

11 (1) for direct instruction, research, and educational support purposes,
12 including library and museum acquisitions, and contributions to endowment, by a
13 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or

1 four-year college accredited by a regional accreditation association;

2 (2) for secondary school level vocational education courses and
3 programs by a school district in the state; and

4 (3) by a state-operated vocational technical education and training
5 school.

6 (b) The amount of the credit is the lesser of

7 (1) an amount equal to

8 (A) 50 percent of contributions of not more than \$100,000; and

9 (B) 100 percent of the next \$100,000 of contributions; or

10 (2) 50 percent of the taxpayer's tax liability under this title.

11 (c) Each public college and university shall include in its annual operating
12 budget request contributions received and how the contributions were used.

13 (d) A contribution claimed as a credit under this section may not

14 (1) be claimed as a credit under more than one provision of this title;

15 and

16 (2) when combined with credits taken during the taxpayer's tax year
17 under AS 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018, AS 43.65.018,
18 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

19 (e) In this section,

20 (1) "school district" has the meaning given in AS 14.03.126;

21 (2) "vocational education" is the meaning given in AS 43.20.014(e).

22 * Sec. 2. AS 43.20.014 is repealed and reenacted to read:

23 **Sec. 43.20.014. Income tax education credit.** (a) A taxpayer is allowed a
24 credit against the tax due under this chapter for cash contributions accepted

25 (1) for direct instruction, research, and educational support purposes,
26 including library and museum acquisitions, and contributions to endowment, by an
27 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
28 four-year college accredited by a regional accreditation association;

29 (2) for secondary school level vocational education courses and
30 programs by a school district in the state; and

31 (3) by a state-operated vocational technical education and training

1 school.

2 (b) The amount of the credit is

- 3 (1) 50 percent of contributions of not more than \$100,000; and
 4 (2) 100 percent of the next \$100,000 of contributions.

5 (c) Each public college and university shall include in its annual operating
 6 budget request contributions received and how the contributions were used.

7 (d) A contribution claimed as a credit under this section may not

- 8 (1) be claimed as a credit under another provision of this title;
 9 (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax
 10 imposed by this chapter; and
 11 (3) when combined with credits taken during the taxpayer's tax year
 12 under AS 21.89.070, 21.89.075, AS 43.55.019, AS 43.56.018, AS 43.65.018,
 13 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

14 (e) In this section,

- 15 (1) "school district" has the meaning given in AS 14.03.126;
 16 (2) "vocational education" means organized educational activities that
 17 offer a sequence of courses that provides individuals with the academic and technical
 18 knowledge and skills the individuals need to prepare for further education and for
 19 careers other than careers requiring a baccalaureate, master's, or doctoral degree.

20 * Sec. 3. AS 43.55.019 is repealed and reenacted to read:

21 **Sec. 43.55.019. Oil or gas producer education credit.** (a) A producer of oil
 22 or gas is allowed a credit against the tax due under this chapter for cash contributions
 23 accepted

24 (1) for direct instruction, research, and educational support purposes,
 25 including library and museum acquisitions, and contributions to endowment, by an
 26 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
 27 four-year college accredited by a regional accreditation association;

28 (2) for secondary school level vocational education courses and
 29 programs by a school district in the state; and

30 (3) by a state-operated vocational technical education and training
 31 school.

1 (b) The amount of the credit is

2 (1) 50 percent of contributions of not more than \$100,000; and

3 (2) 100 percent of the next \$100,000 of contributions.

4 (c) Each public college and university shall include in its annual operating
5 budget request contributions received and how the contributions were used.

6 (d) A contribution claimed as a credit under this section may not

7 (1) be claimed as a credit under another provision of this title; and

8 (2) when combined with credits taken during the taxpayer's tax year
9 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.56.018, AS 43.65.018,
10 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

11 (e) The department may, by regulation, establish procedures by which a
12 taxpayer may allocate a pro rata share of a credit claimed under this section against
13 monthly tax payments made during the tax year.

14 (f) In this section,

15 (1) "school district" has the meaning given in AS 14.03.126;

16 (2) "vocational education" has the meaning given in AS 43.20.014(e).

17 * Sec. 4. AS 43.56.018 is repealed and reenacted to read:

18 **Sec. 43.56.018. Property tax education credit.** (a) The owner of property
19 taxable under this chapter is allowed a credit against the tax due under this chapter for
20 cash contributions accepted

21 (1) for direct instruction, research, and educational support purposes,
22 including library and museum acquisitions, and contributions to endowment, by an
23 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
24 four-year college accredited by a regional accreditation association;

25 (2) for secondary school level vocational education courses and
26 programs by a school district in the state; and

27 (3) by a state-operated vocational technical education and training
28 school.

29 (b) The amount of the credit is

30 (1) 50 percent of contributions of not more than \$100,000; and

31 (2) 100 percent of the next \$100,000 of contributions.

1 (c) Each public college and university shall include in its annual operating
2 budget request contributions received and how the contributions were used.

3 (d) A contribution claimed as a credit under this section may not

4 (1) be claimed as a credit under another provision of this title; and

5 (2) when combined with credits taken during the taxpayer's tax year
6 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.65.018,
7 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

8 (e) In this section,

9 (1) "school district" has the meaning given in AS 14.03.126;

10 (2) "vocational education" has the meaning given in AS ~~34.20.014(e)~~.

11 * Sec. 5. AS 43.65.018 is repealed and reenacted to read: 43.20.014(e)

12 **Sec. 43.65.018. Mining business education credit.** (a) A person engaged in
13 the business of mining in the state is allowed a credit against the tax due under this
14 chapter for cash contributions accepted

15 (1) for direct instruction, research, and educational support purposes,
16 including library and museum acquisitions, and contributions to endowment, by an
17 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
18 four-year college accredited by a regional accreditation association;

19 (2) for secondary school level vocational education courses and
20 programs by a school district in the state; and

21 (3) by a state-operated vocational technical education and training
22 school.

23 (b) The amount of the credit is

24 (1) 50 percent of contributions of not more than \$100,000; and

25 (2) 100 percent of the next \$100,000 of contributions.

26 (c) Each public college and university shall include in its annual operating
27 budget request contributions received and how the contributions were used.

28 (d) A contribution claimed as a credit under this section may not

29 (1) be claimed as a credit under another provision of this title; and

30 (2) when combined with credits taken during the taxpayer's tax year
31 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018,

1 AS 43.75.018, or AS 43.77.045, exceed \$150,000.

2 (e) In this section,

3 (1) "school district" has the meaning given in AS 14.03.126;

4 (2) "vocational education" has the meaning given in AS 43.20.014(c).

5 * Sec. 6. AS 43.75.018 is repealed and reenacted to read:

6 Sec. 43.75.018. **Fisheries business education credit.** (a) A person engaged in
7 a fisheries business is allowed a credit against the tax due under this chapter for cash
8 contributions accepted

9 (1) for direct instruction, research, and educational support purposes,
10 including library and museum acquisitions, and contributions to endowment, by an
11 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
12 four-year college accredited by a regional accreditation association;

13 (2) for secondary school level vocational education courses and
14 programs by a school district in the state; and

15 (3) by a state-operated vocational technical education and training
16 school.

17 (b) The amount of the credit is

18 (1) 50 percent of contributions of not more than \$100,000; and

19 (2) 100 percent of the next \$100,000 of contributions.

20 (c) Each public college and university shall include in its annual operating
21 budget request contributions received and how the contributions were used.

22 (d) A contribution claimed as a credit under this section may not

23 (1) be claimed as a credit under another provision of this title; and

24 (2) when combined with credits taken during the taxpayer's tax year
25 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.55.019, AS 43.56.018,
26 AS 43.65.018, or AS 43.77.045, exceed \$150,000.

27 (e) In this section,

28 (1) "school district" has the meaning given in AS 14.03.126;

29 (2) "vocational education" has the meaning given in AS ~~42.20.014(c)~~.

30 * Sec. 7. AS 43.77.045 is repealed and reenacted to read: 42.20.014(c)

31 Sec. 43.77.045. **Floating fisheries business education credit.** (a) In addition

1 to the credit allowed under AS 43.77.040, a person engaged in a floating fisheries
2 business is allowed a credit against the tax due under this chapter for cash
3 contributions accepted

4 (1) for direct instruction, research, and educational support purposes,
5 including library and museum acquisitions, and contributions to endowment, by an
6 Alaska university foundation or by a nonprofit, public or private, Alaska two-year or
7 four-year college accredited by a regional accreditation association;

8 (2) for secondary school level vocational education courses and
9 programs by a school district in the state; and

10 (3) by a state-operated vocational technical education and training
11 school.

12 (b) The amount of the credit is

13 (1) 50 percent of contributions of not more than \$100,000; and

14 (2) 100 percent of the next \$100,000 of contributions.

15 (c) Each public college and university shall include in its annual operating
16 budget request contributions received and how the contributions were used.

17 (d) A contribution claimed as a credit under this section may not

18 (1) be claimed as a credit under another provision of this title; and

19 (2) when combined with credits taken during the taxpayer's tax year
20 under AS 21.89.070, 21.89.075, AS 43.20.014, AS 43.50.019, AS 43.56.018,
21 AS 43.65.018, or AS 43.75.018, exceed \$150,000.

22 (e) In this section,

23 (1) "school district" has the meaning given in AS 14.03.126;

24 (2) "vocational education" has the meaning given in AS 43.20.014(e).

25 * Sec. 8. This Act takes effect January 1, 2009.

SENATE FINANCE COMMITTEE REPORT

DATE: 4/20/07

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 61(FIN)

HB 61 TAX CREDIT FOR CONTRIBUTIONS TO VOC ED

"An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes, including vocational education programs and courses at the secondary school level and to tax credits for cash contributions by tax payers that are accepted by a state-operated vocational technical education and training school; and providing for an effective date."

and recommends:

- be replaced with SCS or CS AB 61 (FIN)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

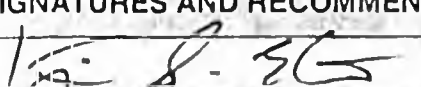

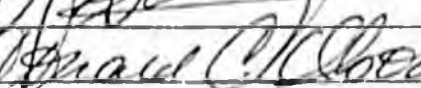



NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	2/15/08		✓		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	E L Thomas	✓			
	Thomas	✓			
	Huggins	✓			
	O'CONNOR			✓	
CO-CHAIR: 	J. H. ...	✓			
CO-CHAIR: 	S. ...	✓			

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB 61 (FIN)
(f) Publish Date: _____

Identifier (file name): CSHB61(FIN)-DOR-TAX-2-15-08 Dept. Affected: Revenue 04
Title: Tax Credit for Contributions to Voc Ed RDU: Taxation and Treasury
Component: Tax Division
Sponsor: Representatives Neumann, Lynn, Buch Harris, Foster, Nelson, Chenault, Wilson,
Requester: Johansen, Roses, Dahlstrom, Joule, Seaton Component Number: 2476
Senate Finance

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	*	*	*	*	*	*	*	*

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	-----	-----	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ()	*	*	*	*	*	*	*	*
-------------------------------	---	---	---	---	---	---	---	---

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Prgram Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	*	*	*	*	*	*	*	*

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

*See Attached.

Prepared by: Nels Tomlinson
Division: Tax
Approved by: Jerry Burnett
Department of Revenue

Phone: 465-5636
Date/Time: 15 February 2008/15:30
Date: 2/15/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

BILL NO. CSHB 61 (Fin)

ANALYSIS CONTINUATION

Bill Language: This bill would extend the current education tax credits to cover contributions to secondary school vocational programs, and state-operated vocational and technical schools.

Currently, taxpayers can take a credit of up to \$150,000 for contributions to accredited two and four year colleges and universities in Alaska. This credit may be taken against their insurance tax, corporate income tax, oil and gas producer tax, oil and gas property tax, mining license tax, fisheries business tax or fishery resource landing tax. This bill would add two new classes of potential recipients for donations, but would not change the terms of the credits.

Revenues: We anticipate that this bill will have a negligible effect on revenue. The education tax credit is little-used. In recent years a few dozen companies took education tax credits amounting to less than \$3 million per year. We have no data to assess the amount of additional donations which might be made under this bill, but we anticipate that the additional amount will be a small fraction of the current credits.

Expenditures: The Department of Revenue does not anticipate any additional expenditures resulting from this bill.

Page 1058
2450

Ado 24-20

25-LS0302\E.1
Bullock
2/21/08

AMENDMENT

Stedman

OFFERED IN THE SENATE

TO: CSHB 61(FIN)

- 1 Page 3, lines 2 - 3:
- 2 Delete "the lesser of
- 3 (1) an amount equal to"
- 4
- 5 Page 3, line 4:
- 6 Delete "(A)"
- 7 Insert "(1)"
- 8
- 9 Page 3, line 5:
- 10 Delete "(B)"
- 11 Insert "(2)"
- 12
- 13 Page 3, lines 5 - 6:
- 14 Delete "; or
- 15 (2) 50 percent of the taxpayer's tax liability under this title"
- 16
- 17 Page 3, lines 21 - 22:
- 18 Delete ", in current or emerging employment sectors"
- 19
- 20 Page 7, line 28:
- 21 Delete "2008"
- 22 Insert "2009"

**Alaska Department of Revenue
Tax Division**

Summary of FY 2007 Alaska Education Credits

Tax Program	Credits Claimed	Total of Contributions	Beneficiary			
			U of A	APU	Sheldon Jackson	Other
Corporation Net Income	\$1,196,472	\$5,046,485	\$4,368,207	\$477,089	\$98,189	\$103,000
Insurance Premiums	300,000	400,000	-	180,000	20,000	200,000
Fishery Resource Landing	1,050,000	1,400,000	1,112,000	240,000	48,000	-
Mining License	10,814	21,628	21,628	-	-	-
Fisheries Business	300,000	200,000	200,000	-	-	-
Oil and Gas Production (No credits claimed)	-	-	-	-	-	-
Oil and Gas Property (No credits claimed)	-	-	-	-	-	-
Total - All Tax Types	\$2,857,286	\$7,068,113	\$5,701,835	\$897,089	\$166,189	\$303,000

Senator Stedman, Co-Chairman – Ketchikan
465-3873 Phone 465-3922 FAX

Senator Hoffman, Co-Chairman – Bethel
465-4453 Phone 465-4523 FAX

RECEIVED

FEB 28 2008

Senator Huggins, Vice Chairman – Mat-Su
465-3878 Phone 465-3265 FAX

Senator Elton – Juneau
465-4947 Phone 465-2108 FAX

Senator Olson – Nome
465-3707 Phone 465-4821 FAX

Senator Thomas – Fairbanks
465-2327 Phone 465-5241 FAX

Senator Dyson – Eagle River
465-2199 Phone 465-4587 FAX

I am writing to you as the President of the Alaska State Home Building Association representing over 900 members in our area. We support HB 61 "An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes, including vocational education programs and courses at the secondary school level; and providing for an effective date"

Alaska will soon be facing a critical shortage of qualified workers in many of the trade and construction related areas. Sustainable funding for vocational education is critical to the future of our state. Future Alaskans will be called upon to fill the jobs vacated by our aging workforce as well as the new jobs created by the future gas line project. It is imperative that these Alaskans have access to quality, well funded training programs that will teach them the skills they will need to help build Alaska's future.

We support amending the current provisions for educational tax credits. HB 61 will add to the statute that allows contributions accepted by school districts for secondary school vocational education programs to become a basis for tax credits.

We appreciate your current and previous support of our industry. We urge your support for HB61 and look forward to assisting you and Representative Neuman in any way possible. Please do not hesitate to call on us if you have any questions.

Sincerely,



ALASKA STATE LEGISLATURE

Chair:
Special Committee on Economic Development,
Trade, & Tourism

Vice Chair:
Committee on Labor and Commerce

Vice Chair:
Committee on Transportation

Member:
Committee on Community and Regional Affairs
Special Committee on Oil and Gas



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-2679
Fax: (907) 465-4822
Toll Free (877) 465-2679

Interim:
600 E. Railroad Ave
Wasilla, AK 99654
Phone: (907) 376-2679
Fax: (907) 376-4745

REPRESENTATIVE MARK NEUMAN

Representative_Mark_Neuman@legis.state.ak.us

Sponsor Statement for House Bill 61

“Credit for investing in Alaskan Vocational Education Programs”

Alaska is facing a critical shortage of qualified workers in many areas of our economy. We have heard that message clearly from industry, unions, and academia in recent years.

Many upcoming projects in Alaska such as a Natural Gas Pipeline System (NGPS); further development of gas reserves in Cook Inlet and the North Aleutian Basin; multiple proposed projects in the mining industry; major road and rail improvements; and an ever growing need for new residential and commercial projects will require a significant growth in our trained work force.

Vocational education needs to be a cornerstone in building a prepared resident workforce. Studies have shown that as many as 30% of Alaskan jobs are held by non-residents, while Alaska has experienced unemployment rates reaching 50% above the national average.

Our efforts need to focus on providing Alaskans with early career education. By participating in vocational programs at the local school district level, our youth will learn about available new career paths. Experiences in the classroom will better prepare them for internships, apprenticeships, and employment opportunities after graduation.

Funding of vocational education programs is the key to their success. House Bill 61 amends the current provisions for educational tax credits. Adding to statute that contributions accepted by school districts for secondary school vocational education programs become a basis for tax credits.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

December 21, 2006

SUBJECT: Education tax credits including credits for cash contributions for vocational education at the secondary school level (Work Order No. 25-LS0302\A)

TO: Representative Mark Neuman
Attn: Rex Shattuck

FROM: Donald M. Bullock Jr.
Legislative Counsel

Enclosed is a draft bill that amends the current provisions for educational tax credits by adding contributions accepted by a school district for secondary school level vocational education as a basis for the tax credit. Please review this draft carefully to ensure that it is consistent with your intent.

The draft bill repeals and reenacts each of the applicable credit provisions that currently exist. The reenactment of each section adds a tax credit for a cash contribution to a school district for vocational education and defines "school district" and "vocational education" for the purposes of the credit. The definition of "vocational education" is based on the definition in 20 U.S.C. 2302(29) as that definition appeared in the Carl D. Perkins Vocational and Applied Technology Act, as amended in sec. 1 of the Carl D. Perkins Vocational and Applied Technology Amendments of 1998.¹ This definition first appears in AS 21.89.070(e) in sec. 1 of the draft bill and is referenced in succeeding sections.

I tried to use similar language in each section of the bill while at the same time retaining provisions specific to a particular underlying tax in current law. For example, AS 21.89.070(b), in sec. 1 of the draft bill, provides that the tax credit may not exceed 50 percent of the tax liability. A similar cap exists in AS 43.20.014 in sec. 2, but not in other bill sections. Another unique provision is in AS 43.55.019(e), in sec. 3 of the draft bill, that authorizes the Department of Revenue to establish a procedure that allows a taxpayer to apply a pro rata share of a credit against each monthly tax payment.

The existing credit sections require "each public college and university [to] include in its annual operating budget request contributions received and how the contributions were used." This requirement continues in this draft. Do you want school districts that receive

¹ Pub. L. 105-332

Representative Mark Neuman
December 21, 2006
Page 2

contributions under these sections to make some sort of similar report? If so, you should decide to whom the report should be submitted (such as to the commissioner of education and early development), when the report must be filed (such as within a certain period following the end of the fiscal or calendar year), and what information to include (such as the type of vocational programs offered and the amount funded by taxpayer cash contributions).

This draft continues the \$150,000 ceiling for the total amount of credits that may be taken by a person under all of the provisions. Some taxpayers may be eligible for a credit under several sections, but may not take a credit for the same contribution against more than one tax type; this is no change from current law. For example, an oil producer is likely to be subject to a tax under AS 43.20 (corporation income tax), AS 43.55 (oil and gas production tax), and AS 43.56 (oil and gas property tax); if the corporation takes a credit for contributing \$100,000 against the corporation income tax, the same contribution may not be the basis for a credit under the production tax or property tax. However, the corporation may make additional contributions and take a credit under AS 43.55 or AS 43.56, but the total credits against all taxes against which a credit is authorized under the draft bill (and current law) may not exceed \$150,000. You may wish to consider whether the \$150,000 credit achieves your intended result, or whether it is too low or too high.

I inserted January 1, 2008 as the effective date of the bill. I suggest this date because most taxpayers file on the basis of a tax year that coincides with the calendar year. If you would like a different effective date or would prefer that the bill merely take effect 90 days after becoming law, please let me know. You may wish to discuss effective dates with the departments involved.

If I may be of further assistance, please advise.

DMB:ljw
06-398.ljw

Enclosure

Senator Stedman, Co-Chairman – Ketchikan
465-3873 Phone 465-3922 FAX

Senator Hoffman, Co-Chairman – Bethel
465-4453 Phone 465-4523 FAX

Senator Huggins, Vice Chairman – Mat-Su
465-3878 Phone 465-3265 FAX

Senator Elton – Juneau
465-4947 Phone 465-2108 FAX

Senator Olson – Nome
465-3707 Phone 465-4821 FAX

Senator Thomas – Fairbanks
465-2327 Phone 465-5241 FAX

Senator Dyson – Eagle River
465-2199 Phone 465-4587 FAX

RECEIVED

FEB 28 2008

I am writing to you as the President of the Interior Alaska Building Association representing over 200 members in the Fairbanks area. We support HB 61 "An Act relating to tax credits for cash contributions by taxpayers that are accepted for certain educational purposes, including vocational education programs and courses at the secondary school level; and providing for an effective date"

Alaska will soon be facing a critical shortage of qualified workers in many of the trade and construction related areas. Sustainable funding for vocational education is critical to the future of our state. Future Alaskans will be called upon to fill the jobs vacated by our aging workforce as well as the new jobs created by the future gas line project. It is imperative that these Alaskans have access to quality, well funded training programs that will teach them the skills they will need to help build Alaska's future.

We support amending the current provisions for educational tax credits. HB 61 will add to the statute that allows contributions accepted by school districts for secondary school vocational education programs to become a basis for tax credits.

We appreciate your current and previous support of our industry. We urge your support for HB61 and look forward to assisting you and Representative Neuman in any way possible. Please do not hesitate to call on us if you have any questions.

Sincerely,



David Costello
President
Interior Alaska Building Association

Alaska State Chamber of Commerce
2007 Priority
Support for Excellence in Education

The Alaska State Chamber of Commerce has strongly supported excellence in education, making it a top priority in the Chamber's legislative agenda. In times of economic decline, state investment in education is critical to address the needs of its citizenry. In times of economic prosperity, state investment in education assures a strong and vibrant economy, providing economic development through a trained and educated workforce. There has never been a more opportune time to step forward and fully support and promote education in Alaska, from pre-kindergarten through post-doctoral. The Alaska State Chamber of Commerce urges the Administration and the Legislature to support Alaska's educational needs to meet the demand for a strong and viable economy and citizenry.

Action Items:

Establish a career and technical education outreach program where employers partner with the State of Alaska, the University of Alaska, local schools, and tribal partners to assist students (P - 16), parents, out-of-school youth, and employed/unemployed Alaskans to learn about training, internship, apprenticeship, and employment opportunities. Provide tax credit to encourage employers where possible.

Build ALEXSYS and appropriately market an internet-based training and employment clearing center to help students and unemployed Alaskans find training and employment opportunities; and employers find qualified employees and candidates for training programs.

Establish, in collaboration with private sector employers, a clearly articulated career and technical education program that:

- Is funded over the long term,
- Utilizes existing education facilities more fully including evenings, weekends, and summers,
- Uses a broad range of educational resources, not limited to the University of Alaska,
- Includes a broad range of options including apprenticeship, internship, and private career and technical education programs,
- Specifically targets rural Alaskans, and out-of-school youth, and
- Use distance learning capabilities where available.

The Governor and Legislature should restructure the Alaska Workforce Investment Board (AWIB) by establishing a direct reporting relationship to the Governor, making it industry driven, and establishing full time professional staff to support the Board.



Alaska Vocational Technical Center (AVTEC) Strategic Plan

The purpose of Strategic Planning is to evaluate trends, then identify a niche in the environment in which AVTEC can successfully compete and improve its performance through alignment of goals and objectives and prioritization of resource allocation.

Strategic Planning at AVTEC is the process of matching the strengths and distinctive characteristics of the school with the unique and emerging needs of its students and the community. An essential component of AVTEC's ongoing efforts to work with businesses and community leaders is to identify educational and training needs.

The Strategic Plan is the basis of AVTEC's local plan as defined by the Carl D. Perkins Vocational and Technical Education Act of 1998.



Our Mission

AVTEC is a postsecondary vocational and technical training center. Our mission is to train a diverse and effective workforce that supports the economic growth and stability of our state.

Our Vision

AVTEC is Alaska's preferred technical training center, recognized for its student-centered environment and training excellence. Through creative and collaborative partnerships, AVTEC is the state's most responsive leader in strengthening business and industry by building the highest quality workforce. AVTEC is the model for best practices in teaching and learning in postsecondary education and vocational training in Alaska.

Our Values

- **Trustworthiness:** Modeling and promoting appropriate workplace conduct and ethical behavior.
- **Respect:** Treating students as individuals and honoring their diversity.
- **Responsibility:** Maintaining accountability by providing proper training and assessment for occupational preparedness.
- **Fairness:** Applying rules consistently and equitably to students and staff.
- **Caring:** Providing quality student services that contribute to student success and achievement.
- **Citizenship:** Encouraging leadership while preparing student for their role in the workforce.

Our Goals

1. **Student Success: Create "the AVTEC experience" by incorporating a holistic approach to student learning.**
 - Diversify the type and increase the amount of support available to students outside the instructional day
 - Identify and create opportunities for development of healthy life skills
 - Identify and create opportunities for development of leadership skills
 - Consistently communicate and reinforce high standards for student learning and behavior while attending AVTEC

2. **Programs: Continuously evaluate programs to prepare students for employment or transition to further education.**
 - Utilize available data and state performance measures for program evaluation
 - Conduct assessment of how AVTEC meets the needs of special populations
 - Maintain highest industry standards for technical skills and employability skills
 - Transition programs as appropriate from certificate granting to degree granting

3. **Technology: Utilize leading edge technology for maximizing student learning and operational efficiency.**
 - Develop plan for improving and upgrading technology used for data management, administration, and in instruction.
 - Develop plan for improving and upgrading technology used within occupational areas so that students can demonstrate competence with appropriate technology in a work-based environment

4. **Access: Increase access to exemplary training programs and learning resources that are responsive to Alaska's workforce development needs.**
 - Investigate opportunities for financial aid to be provided for short term training programs and online training programs
 - Implement an academic preparatory program that integrates academic and technical skills for students who test below grade level
 - Expand technical training programs statewide

5. **Partnerships: Strengthen ties with secondary schools, other postsecondary education providers, business and industry, apprenticeship programs, non-governmental organizations, governmental agencies, and others to increase opportunities for all learners.**
 - Increase partnerships statewide
 - Increase number of tech prep agreements with secondary schools
 - Increase number of articulation agreements with other postsecondary education programs and apprenticeship programs
 - Identify mutually beneficial outcomes in all partnerships

6. **Responsive: Position AVTEC to take advantage of large, statewide economic development projects and requisite employment demands.**
 - Identify potential projects that will require a skilled workforce
 - Use labor market data to identify existing skills gap
 - Create new or improve existing programs to provide training

7. **Personnel: Maintain high standards in recruiting, hiring, and retaining outstanding staff committed to AVTEC's mission and vision.**
 - Investigate alternate routes for recruiting and hiring qualified personnel
 - Provide competitive salaries for all staff, faculty, and administration
 - Ensure level of support staff keeps pace with growth in student enrollment
 - Provide for continuous professional development for staff, faculty, and administration
 - Create associate degree program for faculty needing degree for salary advancement

8. **Image: Educate statewide audience on the many positive attributes of AVTEC.**
 - Create and implement an aggressive and comprehensive marketing plan for individual programs and AVTEC
 - Promote programs that are exclusive to AVTEC
 - Increase AVTEC's web presence
 - Improve campus facilities to enhance image of school so that it is commensurate with the quality of programs offered

9. **Fiscal Resources: Ensure adequate funding for programs and projected growth.**
 - Demonstrate fiscal responsibility and accountability by effective and efficient use of resources
 - Utilize data to show true costs and benefits of training programs, including support services, in securing funding from state and external sources

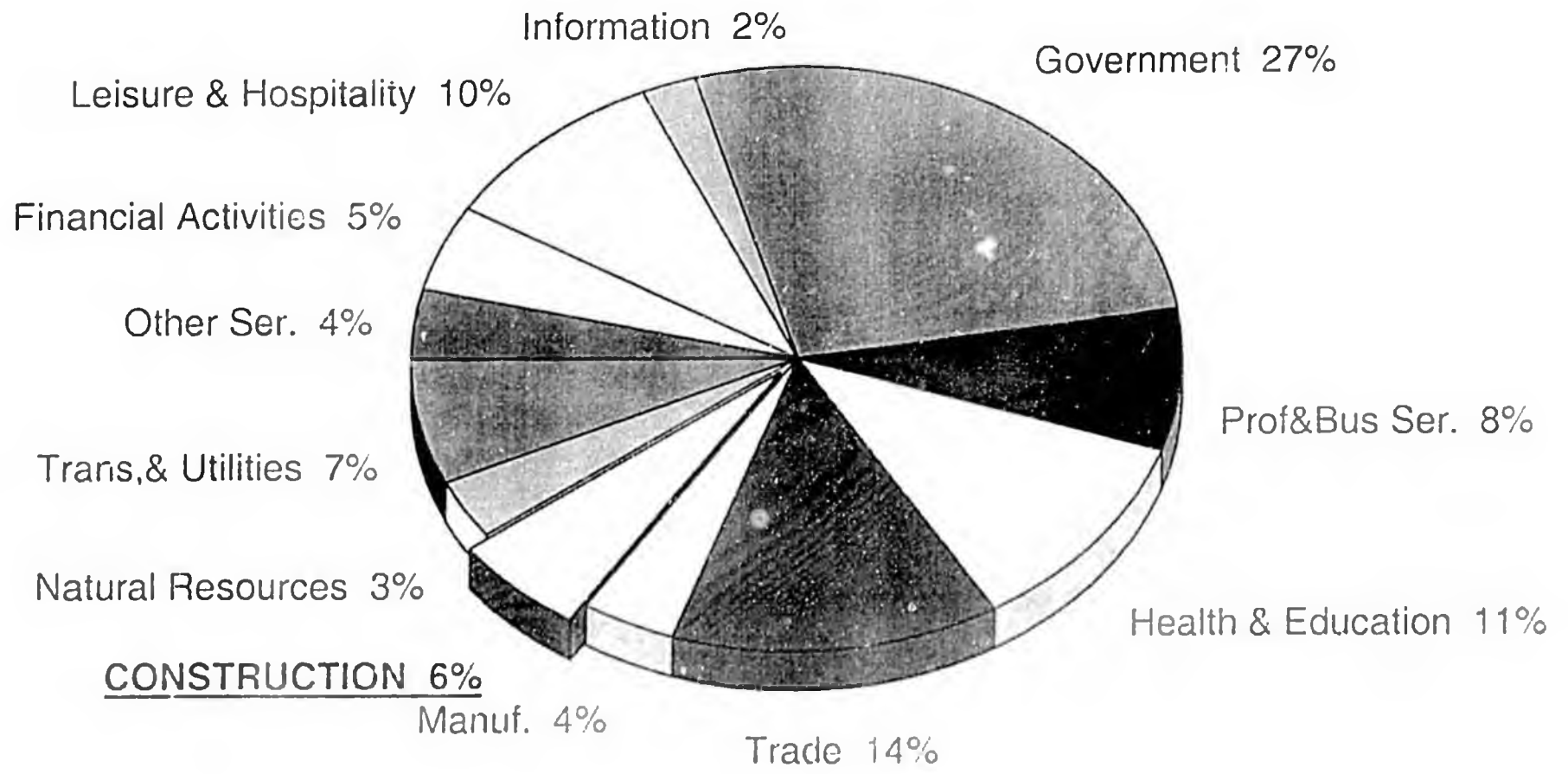
10. **Plan for Improvement: Clearly articulate the importance of the strategic plan as a living document that guides our work and directs us toward our vision.**
 - Establish a process of continuous improvement for AVTEC
 - Conduct periodic review of strategic plan
 - Utilize data available for evaluating strategic plan
 - Engage all employees in evaluating proposed actions against goals and activities outlined in strategic plan

Alaska's Construction Workers Are there enough?

Richard Cattanach
Associated General Contractors of
Alaska



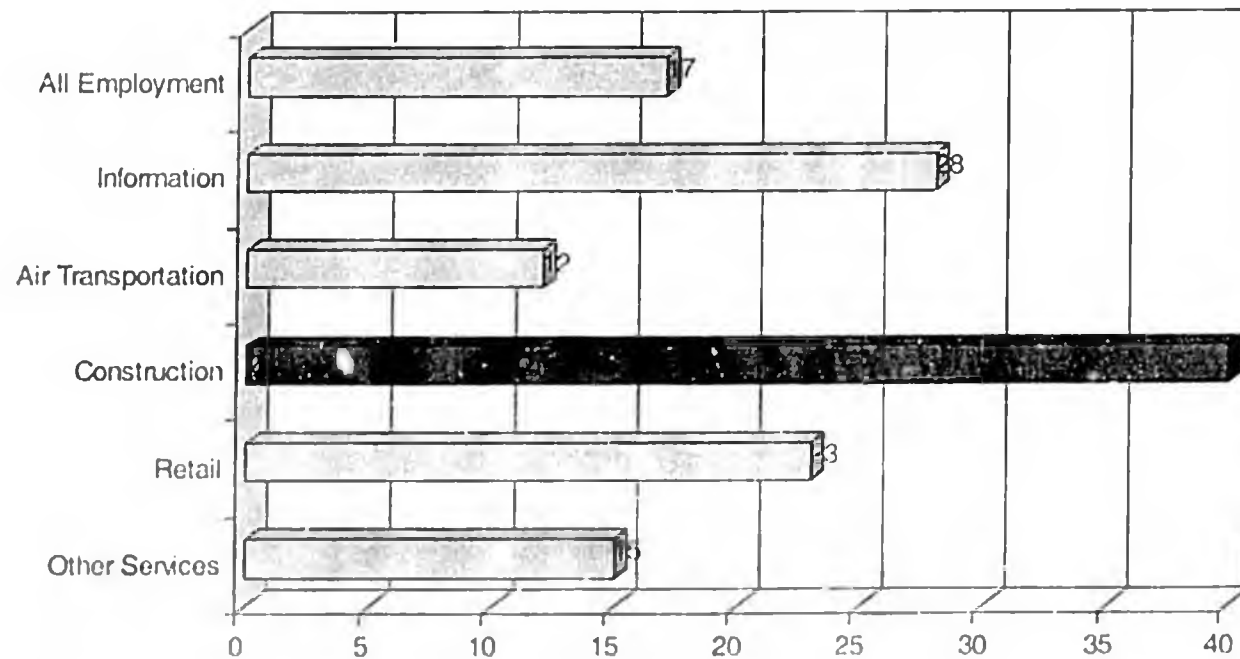
Alaska's Construction Industry Employment 2004



Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

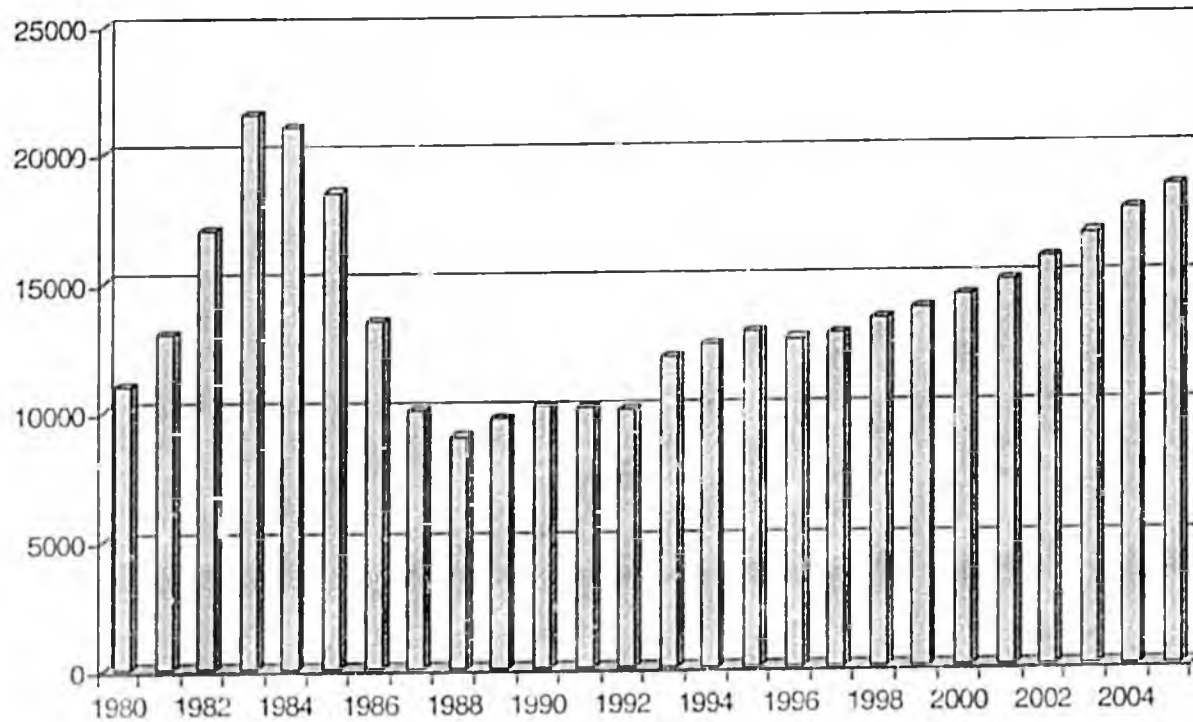
Construction has been one of the employment stars over the past decade

Labor Growth over the Past Decade



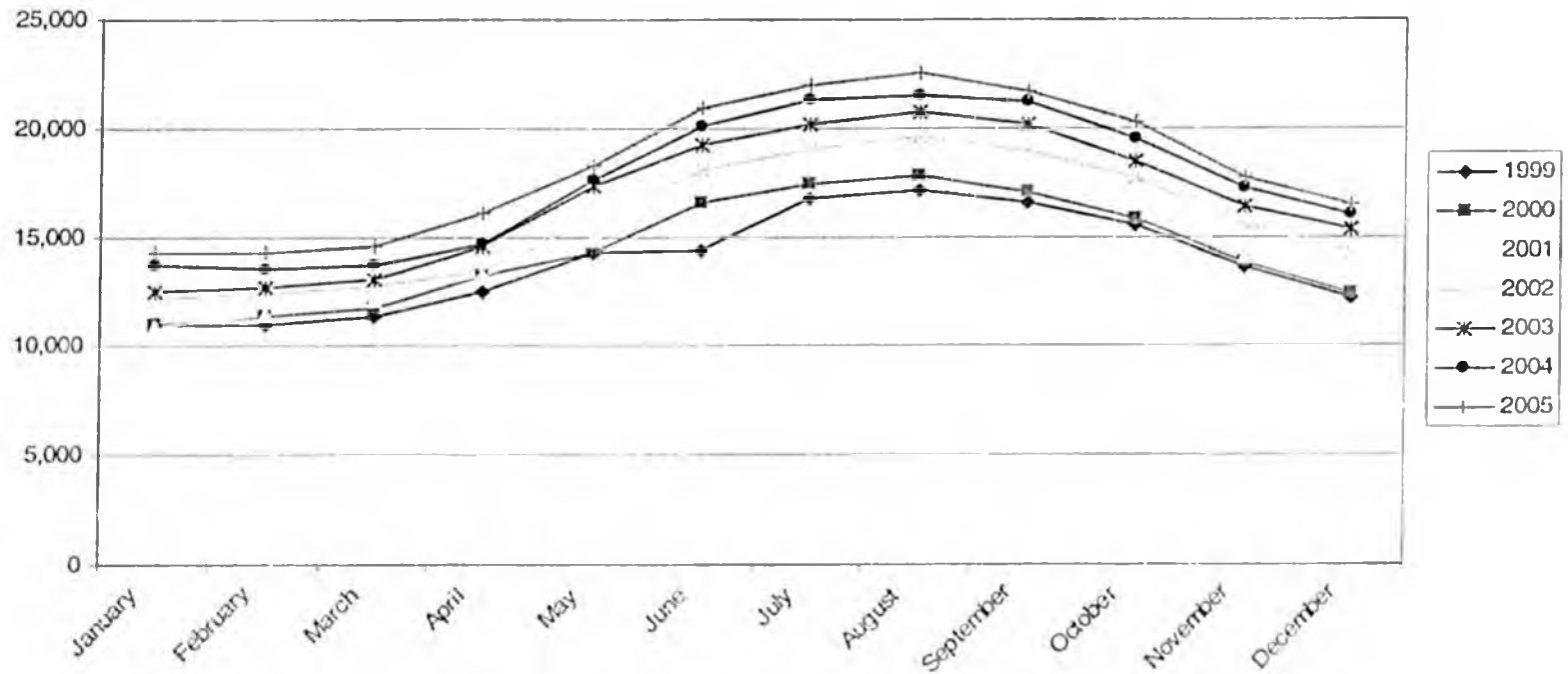
Construction Industry since 1980

Industry Employment Since 1980



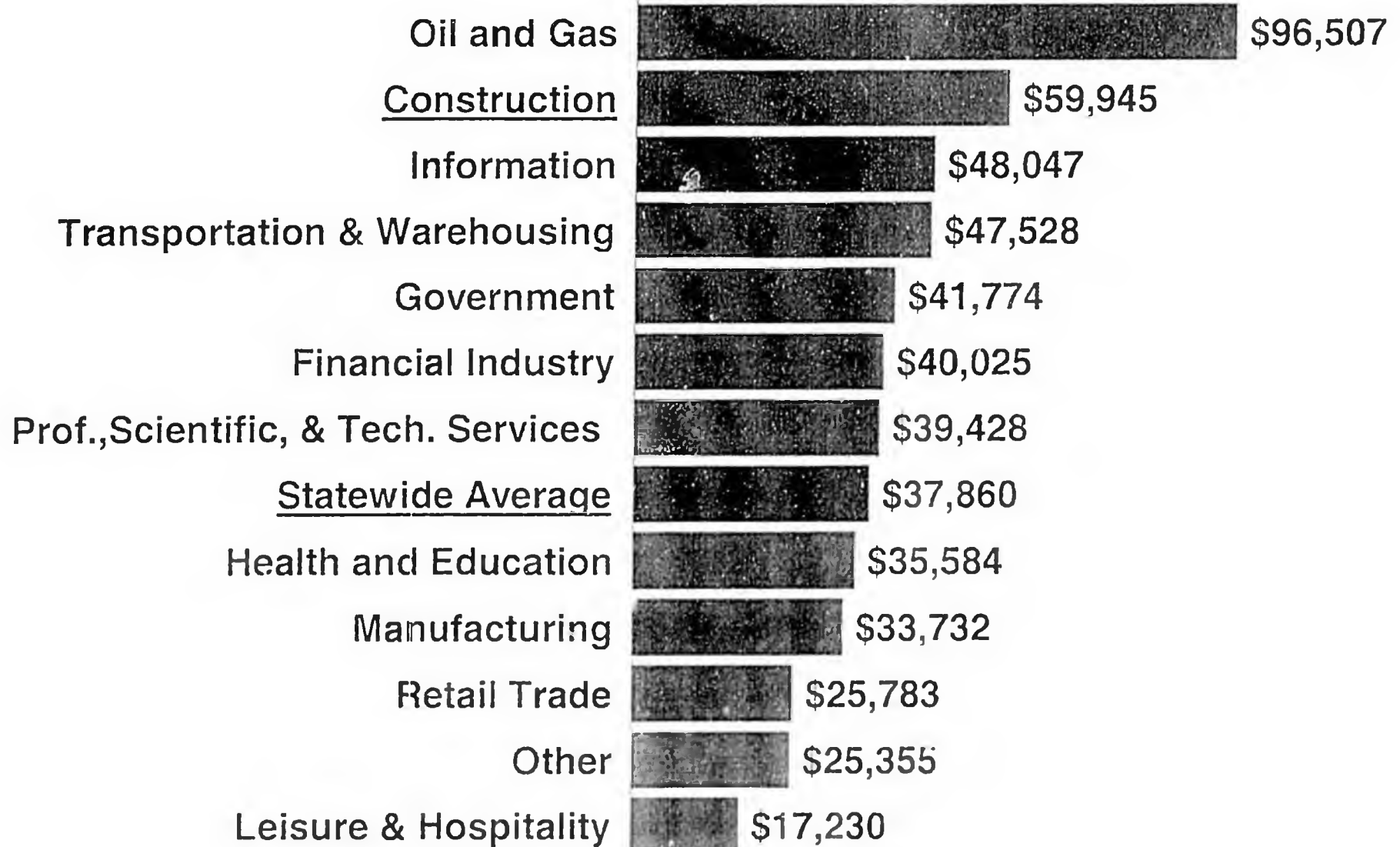
Construction Employment – 1999-2005

CONSTRUCTION EMPLOYMENT



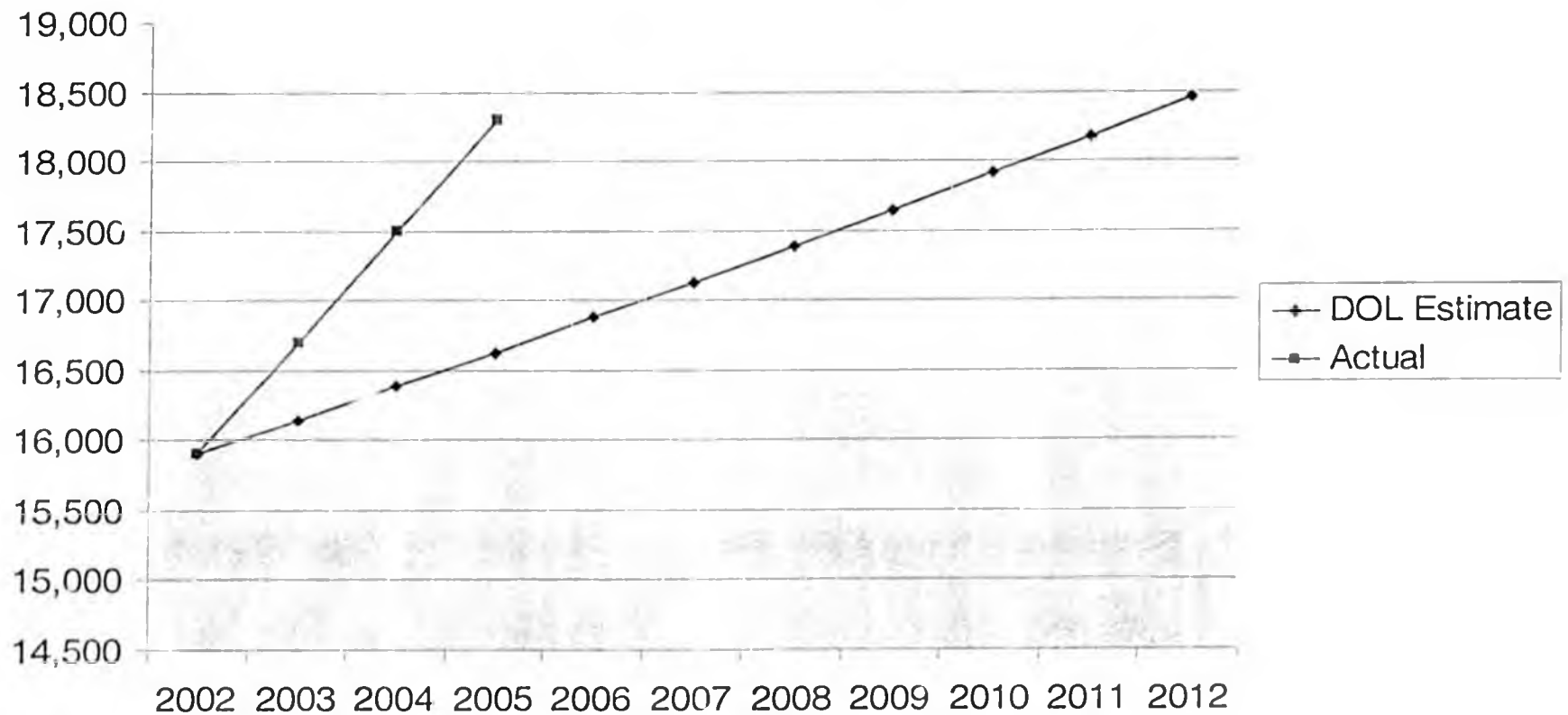
Construction Pays High Wages

2004 annual earnings



Projected Employment Growth

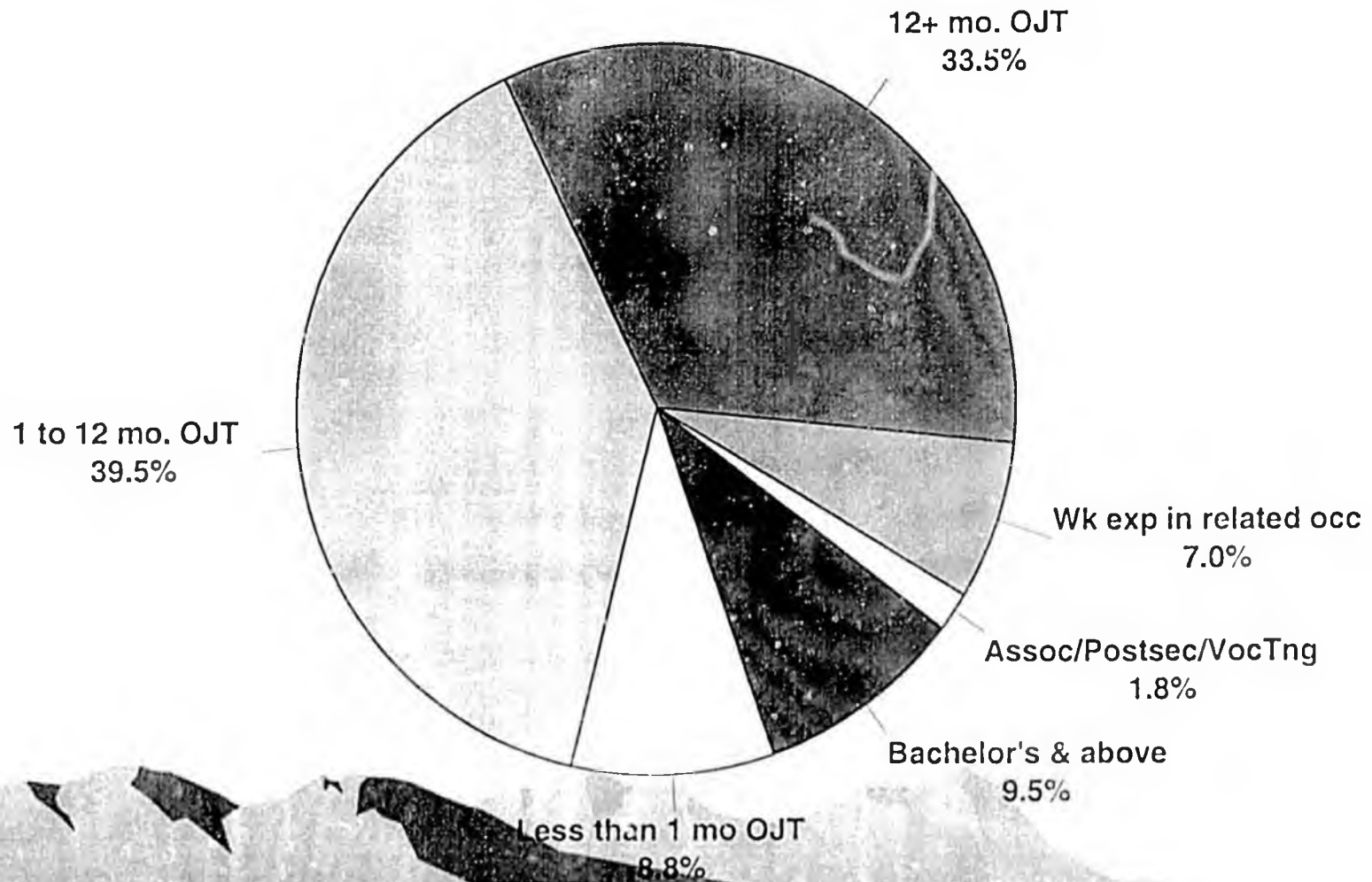
Construction Employment





Alaska's Current Construction Jobs by Level of Required Education

Estimated 2002



Source: Alaska Department of Labor and Workforce Development, Research & Analysis Section



Problem Areas - Selected Crafts	Non-Resident Workers % ¹³	Workers 45+ % ¹⁴
Carpenters	17.4	30.1
Construction Laborers	16.8	22.6
Electricians	19.5	31.4
Plumbers, Pipefitters, and Steamfitters	17.6	29.2
Operating Engineers and Other Construction Equipment Operators	17.2	45.2
Construction Managers	16.7	56.3
Truck Drivers, Heavy & Tractor-Trailer	14.7	42.2



Selected Crafts

• <u>Craft</u>	<u>Increase</u>	<u>Retirees</u>	<u>Non-Res</u>
Carpenters	528	1218	359
Laborers	627	679	245
Electricians	307	566	206
Plumbers	224	363	113
Op. Engineers	820	1032	197
Painters	129	150	128
Roofers	31	53	44
Supervisors/Mgrs	454	866	274
Const & Bldg Insp	55	100	29



Selected Crafts - Continued

<u>Craft</u>	<u>Total Need</u>	<u>Annual Need</u>
Carpenters	2,105	210
Laborers	1,551	155
Electricians	1,079	108
Plumbers	700	70
Op. Engineers	2,049	205
Painters	407	41
Roofers	128	13
Supervisors/Mngrs	1,594	160
Const & Bldg Insp	184	18

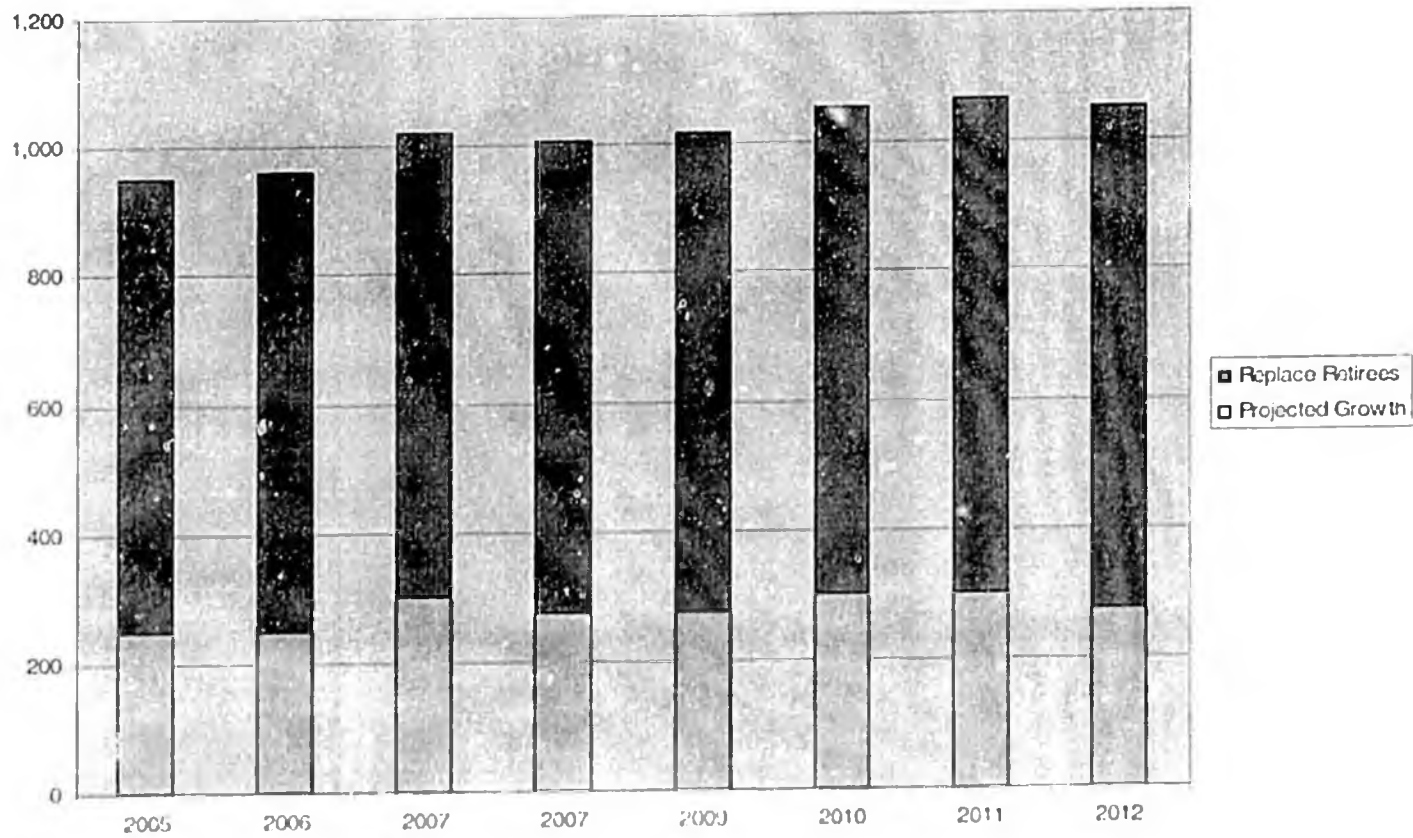
Selected Crafts - Continued

<u>Craft</u>	<u>Total Need</u>	<u>Employment</u>	<u>%</u>
Carpenters	2,105	4,855	43%
Laborers	1,551	3,605	43%
Electricians	1,079	2,164	50%
Plumbers	700	1,492	47%
Op. Engineers	2,049	2,741	75%
Painters	407	909	45%
Roofers	128	394	32%

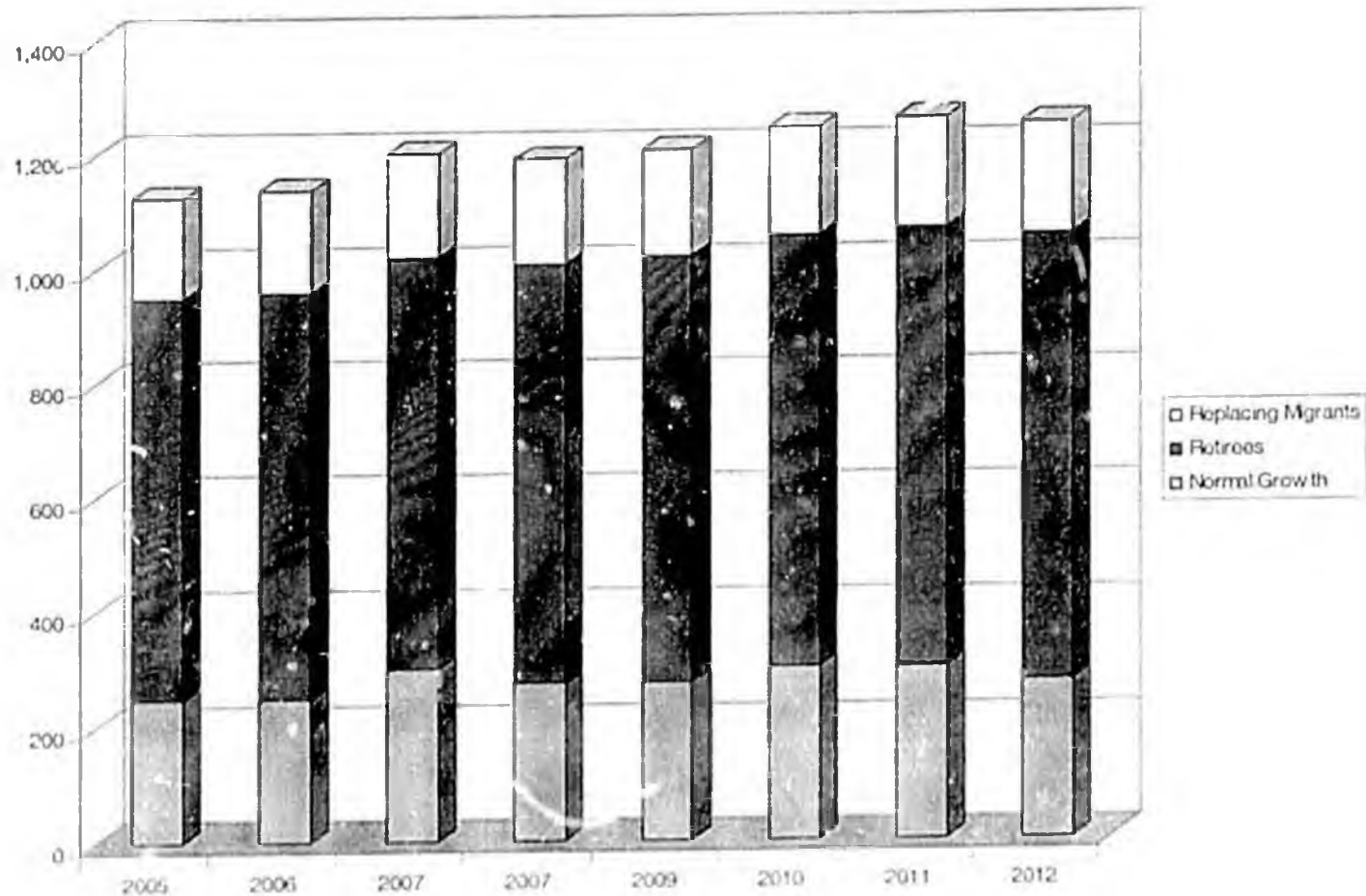


Projected Labor Growth

Projected Labor Growth



Projected Labor Growth – Including Reduction in Percentage of Non-Residents

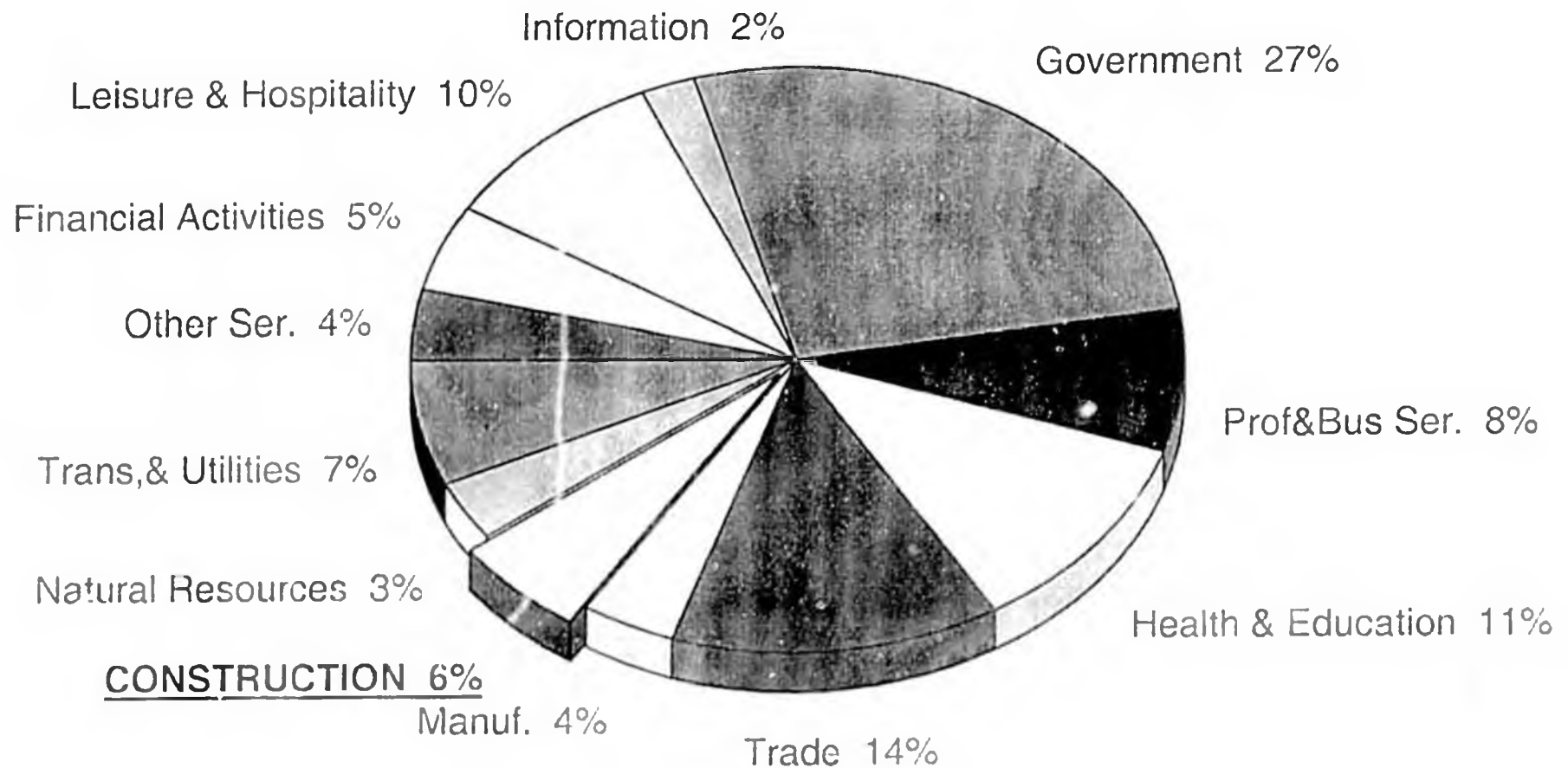


Labor Needs Relative to High School Graduates

- High School Graduates –
 - Average 1999- 2003 7,000
- Number going to College 30%
- Available to enter workforce 4,900
- Construction Needs 2006 1,150
- Percentage of New Graduates Needed **23%**



Alaska's Construction Industry Employment 2004



Source: Alaska Department of Labor and Workforce Development, Research and Analysis.

Potential Labor Shortages – Pipeline

Craft	Current	Pipeline
Plumbers, Pipefitters	1,492	450
Equipment Operators	2,741	2,100
Truck Drivers	293	1,700
Laborers	3,605	1,300



Potential Labor Shortages

Plumbers & Pipefitters	30%
Equipment Operators	77%
Truck Drivers	580%
Laborers	36%



What's Being Done

- Current Apprenticeship Programs
 - 1855 total apprentices
 - 798 Newly registered apprentices, 363 cancelled
 - 166 Completed Training in 2005
 - 15% of Need
- State Efforts
 - Long term strategy completed 2005
 - \$20 million training funds for Gas line



What's Being Done

■ AGC Efforts

- Build Up
- NCCER
- UAA
- Career Academy – Mat-Su/AGC
- Construction Academy – AGC, DOLWD, ASD, AHB, AWP, CITC



**Alaska Department of Revenue
Tax Division**

FY 2004 Alaska Education Credit Program Detail

	Credits Claimed	Total of Contributions	University of Alaska	Beneficiary		
				Alaska Pacific University	Sheldon Jackson	Other
Corporation Income Tax						
Northrim Bancorp Inc & Subs	\$ 150,000	200,000	75,000	110,000	15,000	-
First National Bank of Alaska	150,000	200,000	144,800	20,200	35,000	-
Glenim Co Inc	5,000	10,000	10,000	-	-	-
Veco Corporation & Subs	500	1,000	-	1,000	-	-
Sea Lion Corporation & Subs	32,129	64,258	64,258	-	-	-
MI McKinley Mutual Savings Bank	2,500	5,000	5,000	-	-	-
Keycorp & Subs	150,000	200,000	165,000	25,000	5,000	5,000
Denali Bancorporation & Sub	2,500	5,000	5,000	-	-	-
Lanoga Corporation & Subs	3,750	7,500	-	-	7,500	-
The McClatchy Company & Subs	47,500	95,000	40,000	25,000	30,000	-
Wells Fargo & Co	150,000	200,000	-	125,000	75,000	-
Exxon Mobil Corporation	5,000	10,000	-	-	10,000	-
BP Exploration Alaska Inc	150,000	479,000	78,000	401,000	-	-
ConocoPhillips Company	150,000	2,590,817	2,381,717	150,000	25,000	39,500
Total	998,879	4,073,575	2,968,775	857,800	202,500	44,500
Insurance Premiums Tax						
Alaska National Insurance Co	150,000	200,000	-	180,000	20,000	-
Umiak Insurance Co	150,000	200,000	-	-	-	200,000
Total	300,000	400,000	-	180,000	20,000	200,000
Fishery Resource Landing Tax						
American Seafoods LLC (Tax year 2003)	150,000	200,000	152,000	40,000	8,000	-
Alaska Ocean Seafood LP	150,000	200,000	152,000	40,000	8,000	-
Golden Alaska Seafoods LLC	150,000	200,000	200,000	-	-	-
Highland Light Seafoods LLC	150,000	200,000	152,000	40,000	8,000	-
American Seafoods LLC (Tax year 2002)	150,000	200,000	152,000	40,000	8,000	-
Arctic Storm Inc and Sub	150,000	200,000	152,000	40,000	8,000	-
Total	900,000	1,200,000	960,000	200,000	40,000	-
Mining License Tax						
Usabeli Coal Mine Inc	101,597	200,000	200,000	-	-	-
Total	101,597	200,000	200,000	-	-	-
Fisheries Business Tax						
Inchik Seafoods Inc	2,500	5,000	5,000	-	-	-
Peter Pan Seafoods Inc & Subs	150,000	200,000	200,000	-	-	-
Trident Seafoods Corp & Subs	150,000	200,000	152,000	40,000	8,000	-
Total	302,500	405,000	357,000	40,000	8,000	-
Oil and Gas Production Tax	No Credits Claimed					
Oil and Gas Property Tax	No Credits Claimed					
Grand Total - All Tax Types	\$2,602,976	\$6,278,575	\$4,485,775	\$1,277,800	\$270,500	\$244,500

Listed in order of total amount of revenue collected.

	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	
Statewide Receipts										
Fees by Arkansas business taxpayers	\$ 6,363,811	\$ 2,454,291	\$ 2,905,806	\$ 2,188,452	\$ 2,182,185	\$ 2,810,251	\$ 3,004,133	\$ 2,182,417	\$ 2,445,054	
Fees by salary resource lending taxpayers	983,385	1,028,781	726,950	1,133,175	839,896	646,581	433,481	474,542	429,721	
Total Receipts	\$ 4,917,876	\$ 3,322,372	\$ 3,632,756	\$ 3,321,627	\$ 3,021,881	\$ 3,456,832	\$ 3,437,614	\$ 2,656,959	\$ 2,874,775	
* SBA fee passed from 7% to 5% effective January 1, 2003										
Tax by Adjudication Region										
Southem Southeast	\$ 1,012,179	\$ 819,005	\$ 821,831	\$ 560,456	\$ 1,329,122	\$ 754,475	\$ 1,413,843	\$ 1,276,730	\$ 1,219,054	
Northern Southeast	1,138,883	1,230,290	732,363	856,793	874,191	1,193,523	1,083,842	808,122	889,764	
Pineau William Board	878,906	580,840	653,603	358,046	705,283	761,167	930,027	618,156	711,585	
Kokoa	528,003	483,556	362,935	279,892	451,211	479,706	724,245	718,876	458,200	
Cook Inc	647,810	494,870	510,487	244,719	165,872	187,202	489,806	187,903	795,811	
Chygn	126,030	70,763	79,785	109,035	189,875	280,738	465,724	186,279	103,488	
Total Tax	4,271,617	3,787,061	3,000,811	2,412,738	3,695,411	3,628,812	5,158,947	3,862,254	4,182,832	
Penalties and Interest	74,623	24,831	57,754	9,815	6,350	7,878	9,670	30,800	4,000	
Total Receipts	\$ 4,976,240	\$ 3,811,892	\$ 3,058,565	\$ 2,422,553	\$ 3,701,801	\$ 3,636,690	\$ 5,168,617	\$ 3,903,054	\$ 4,186,832	
Countywide Receipts										
Publ Toll Tax	\$ 1,865,234	\$ 1,844,156	\$ 1,887,015	\$ 2,077,179	\$ 2,045,134	\$ 1,820,753	\$ 1,818,124	\$ 1,754,110	\$ 1,782,832	
Not Proceeds Fee	289,211	317,176	386,220	370,324	325,218	320,428	288,318	282,789	274,537	
License and Permit Fees	185,584	156,478	160,043	117,807	141,801	139,130	140,836	148,262	156,876	
Total Receipts	\$ 2,339,819	\$ 2,317,810	\$ 2,433,278	\$ 2,565,307	\$ 2,512,153	\$ 2,280,311	\$ 2,247,278	\$ 2,185,155	\$ 2,214,245	
Statewide Payments										
Total Receipts	\$ 1,571,880	\$ 1,839,588	\$ 1,861,290	\$ 1,817,858	\$ 1,786,718	\$ 1,742,108	\$ 1,732,818	\$ 1,848,080	\$ 1,546,885	
Taxes shared	(1,808,790)	(1,808,804)	(1,798,111)	(1,752,983)	(1,718,848)	(1,667,263)	(1,617,837)	(1,535,867)	(1,492,867)	
Amount Retained by state	\$ 77,090	\$ 30,784	\$ 63,179	\$ 64,875	\$ 67,870	\$ 74,845	\$ 114,981	\$ 312,213	\$ 54,018	
Countywide Payments										
Total Receipts	\$ 1,308,896	\$ 2,028,808	\$ 2,191,194	\$ 1,846,740	\$ 1,858,848	\$ 1,887,391	\$ 1,862,251	\$ 2,008,280	\$ 794,158	
Taxes shared	(1,808,790)	(1,808,787)	(1,798,111)	(1,752,983)	(1,718,848)	(1,667,263)	(1,617,837)	(1,535,867)	(1,492,867)	
Amount Retained by state	\$ 490,106	\$ 1,220,021	\$ 393,083	\$ 93,757	\$ 140,000	\$ 220,128	\$ 244,414	\$ 472,413	\$ 1,287,025	
Other Receipts										
Non-Insured	\$ 1,142,852	\$ 1,138,322	\$ 829,851							
Interest	446,774	338,880	0							
Penalties and Interest	75,814	9,850	23							
Total Receipts	\$ 1,665,440	\$ 1,487,052	\$ 829,874							

Listed in order of total amount of revenue collected

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06
STATE											
Total Receipts	\$ 376,261	\$ 1,528,517	\$ 1,279,882	\$ 1,231,757	\$ 3,117,418	\$ 2,983,040	\$ 2,435,377	\$ 1,728,845	\$ 1,446,488		
LOCAL GOVERNMENT											
Southwest Alaska / Management Area A	\$ 278,521	\$ 411,267	\$ 233,503	\$ 204,736	\$ 182,110	\$ 222,794	\$ 228,078	N/A	N/A		
Total Receipts	\$ 278,521	\$ 411,267	\$ 233,503	\$ 204,736	\$ 182,110	\$ 222,794	\$ 228,078	N/A	N/A		
INDIAN RESERVES											
Tax By Commissioner Program	\$ 157,465	N/A	N/A								
Prince William Sound											
Total Receipts	\$ 157,465	N/A	N/A	N/A							
INDIAN RESERVES (cont.)											
Tax	\$ 44,670	\$ 2,442,828	\$ 1,807,811	\$ 1,408,087	\$ 1,968,797	\$ 2,012,881	\$ 2,880,470	\$ 2,814,425	\$ 2,807,201		
Fines and Interest	119	12,837	10,268	6,834	17,821	8,918	6,641	5,729	3,775		
Total Receipts	\$ 44,789	\$ 2,455,665	\$ 1,818,079	\$ 1,414,921	\$ 1,986,618	\$ 2,021,800	\$ 2,887,111	\$ 2,820,154	\$ 2,811,076		

* 2007 was revised effective January 1, 2008