

SENATE CS FOR CS FOR HOUSE BILL NO. 89(HSS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH AND SOCIAL SERVICES COMMITTEE

Offered: 4/12/24

Referred: Finance

Sponsor(s): REPRESENTATIVES COULOMBE, Armstrong, Fields, Dibert, Story, McCormick, Schrage, Galvin, Wright, Saddler, Josephson, Ortiz, Mina, Groh, Gray, Mears

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to education tax credits for certain payments and contributions for**
2 **child care and child care facilities; relating to the insurance tax education credit, the**
3 **income tax education credit, the oil or gas producer education credit, the property tax**
4 **education credit, the mining business education credit, the fisheries business education**
5 **credit, and the fisheries resource landing tax education credit; renaming the day care**
6 **assistance program the child care assistance program; relating to the child care**
7 **assistance program and the child care grant program; providing for an effective date by**
8 **amending the effective date of secs. 1, 2, and 21, ch. 61, SLA 2014; and providing for an**
9 **effective date."**

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

11 * **Section 1.** AS 21.96.070(a) is amended to read:

12 (a) A taxpayer is allowed a credit against the tax due under AS 21.09.210 or

1 AS 21.66.110 for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED]

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

7 (2) **contributions of cash or equipment accepted** for secondary
8 school level vocational education courses, programs, and facilities by a school district
9 in the state;

10 (3) **contributions of cash or equipment accepted** for vocational
11 education courses, programs, and facilities by a state-operated vocational technical
12 education and training school;

13 (4) **contributions of cash or equipment accepted** for a facility by a
14 nonprofit, public or private, Alaska two-year or four-year college accredited by a
15 national or regional accreditation association;

16 (5) **contributions of cash or equipment accepted** for Alaska Native
17 cultural or heritage programs and educational support, including mentoring and
18 tutoring, provided by a nonprofit agency for public school staff and for students who
19 are in grades kindergarten through 12 in the state; [AND]

20 (6) **contributions of cash or equipment accepted** for education,
21 research, rehabilitation, and facilities by an institution that is located in the state and
22 that qualifies as a coastal ecosystem learning center under the Coastal America
23 Partnership established by the federal government;

24 **(7) expenditures made to operate a child care facility in the state**
25 **for the children of the taxpayer's employees;**

26 **(8) contributions of cash or equipment accepted by a child care**
27 **facility in the state operated by a nonprofit corporation and attended by one or**
28 **more children of the taxpayer's employees; and**

29 **(9) a payment to an employee of the taxpayer made by the**
30 **taxpayer for the purpose of offsetting the employee's child care costs incurred in**
31 **the state.**

1 * **Sec. 2.** AS 21.96.070(d) is amended to read:

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

3 (1) be the basis for a credit claimed under another provision of this
4 title; and

5 (2) when combined with contributions that are the basis for credits
6 taken during the taxpayer's tax year under AS 43.20.014, AS 43.55.019,
7 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
8 amount of credits exceeding **\$3,000,000** [\$1,000,000]; if the taxpayer is a member of
9 an affiliated group, then the total amount of credits may not exceed **\$3,000,000**
10 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the
11 meaning given in AS 43.20.145.

12 * **Sec. 3.** AS 21.96.070 is amended by adding a new subsection to read:

13 (g) Beginning January 1, 2030, and every five years thereafter, the Department
14 of Labor and Workforce Development shall adjust the dollar limit on credits under (d)
15 of this section for inflation, using 100 percent of the change over the preceding five
16 calendar years in the Consumer Price Index for all urban consumers for urban Alaska,
17 compiled by the Bureau of Labor Statistics, United States Department of Labor.

18 * **Sec. 4.** AS 43.20.014(a) is amended to read:

19 (a) A taxpayer is allowed a credit against the tax due under this chapter for
20 [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED FOR]

21 (1) **contributions of cash or equipment accepted for** direct
22 instruction, research, and educational support purposes, including library and museum
23 acquisitions, and contributions to endowment, by an Alaska university foundation, by
24 a nonprofit, public or private, Alaska two-year or four-year college accredited by a
25 national or regional accreditation association, or by a public or private nonprofit
26 elementary or secondary school in the state;

27 (2) **contributions of cash or equipment accepted for** secondary
28 school level vocational education courses, programs, and facilities by a school district
29 in the state;

30 (3) **contributions of cash or equipment accepted for** vocational
31 education courses, programs, equipment, and facilities by a state-operated vocational

1 technical education and training school, a nonprofit regional training center recognized
 2 by the Department of Labor and Workforce Development, and an apprenticeship
 3 program in the state that is registered with the United States Department of Labor
 4 under 29 U.S.C. 50 - 50b (National Apprenticeship Act);

5 (4) **contributions of cash or equipment accepted for** a facility by a
 6 nonprofit, public or private, Alaska two-year or four-year college accredited by a
 7 national or regional accreditation association or by a public or private nonprofit
 8 elementary or secondary school in the state;

9 (5) **contributions of cash or equipment accepted for** Alaska Native
 10 cultural or heritage programs and educational support, including mentoring and
 11 tutoring, provided by a nonprofit agency for public school staff and for students who
 12 are in grades kindergarten through 12 in the state;

13 (6) **contributions of cash or equipment accepted for** education,
 14 research, rehabilitation, and facilities by an institution that is located in the state and
 15 that qualifies as a coastal ecosystem learning center under the Coastal America
 16 Partnership established by the federal government;

17 (7) **contributions of cash or equipment accepted for** the Alaska
 18 higher education investment fund under AS 37.14.750;

19 (8) **contributions of cash or equipment accepted for** funding a
 20 scholarship awarded by a nonprofit organization to a dual-credit student to defray the
 21 cost of a dual-credit course, including the cost of

22 (A) tuition and textbooks;

23 (B) registration, course, and programmatic student fees;

24 (C) on-campus room and board at the postsecondary institution
 25 in the state that provides the dual-credit course;

26 (D) transportation costs to and from a residential school
 27 approved by the Department of Education and Early Development under
 28 AS 14.16.200 or the postsecondary school in the state that provides the dual-
 29 credit course; and

30 (E) other related educational and programmatic costs;

31 (9) **contributions of cash or equipment accepted for** constructing,

1 operating, or maintaining a residential housing facility by a residential school in the
 2 state approved by the Department of Education and Early Development under
 3 AS 14.16.200;

4 (10) **contributions of cash or equipment accepted for** childhood
 5 early learning and development programs and educational support to childhood early
 6 learning and development programs provided by a nonprofit corporation organized
 7 under AS 10.20, a tribal entity, or a school district in the state, by the Department of
 8 Education and Early Development, or through a state grant;

9 (11) **contributions of cash or equipment accepted for** science,
 10 technology, engineering, and math programs provided by a nonprofit agency or a
 11 school district for school staff and for students in grades kindergarten through 12 in
 12 the state; [AND]

13 (12) **contributions of cash or equipment accepted for** the operation
 14 of a nonprofit organization dedicated to providing educational opportunities that
 15 promote the legacy of public service contributions to the state and perpetuate ongoing
 16 educational programs that foster public service leadership for future generations of
 17 residents of the state;

18 **(13) expenditures made to operate a child care facility in the state**
 19 **for the children of the taxpayer's employees;**

20 **(14) contributions of cash or equipment accepted by a child care**
 21 **facility in the state operated by a nonprofit corporation and attended by one or**
 22 **more children of the taxpayer's employees; and**

23 **(15) a payment to an employee of the taxpayer made by the**
 24 **taxpayer for the purpose of offsetting the employee's child care costs incurred in**
 25 **the state.**

26 * Sec. 5. AS 43.20.014(d) is amended to read:

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

28 (1) be the basis for a credit claimed under another provision of this
 29 title;

30 (2) also be allowed as a deduction under 26 U.S.C. 170 against the tax
 31 imposed by this chapter; and

1 (3) when combined with contributions that are the basis for credits
 2 taken during the taxpayer's tax year under AS 21.96.070, AS 43.55.019,
 3 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
 4 amount of credits exceeding **\$3,000,000** [\$1,000,000]; if the taxpayer is a member of
 5 an affiliated group, then the total amount of credits may not exceed **\$3,000,000**
 6 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the
 7 meaning given in AS 43.20.145.

8 * **Sec. 6.** AS 43.20.014 is amended by adding a new subsection to read:

9 (h) Beginning January 1, 2030, and every five years thereafter, the Department
 10 of Labor and Workforce Development shall adjust the dollar limit on credits under (d)
 11 of this section for inflation, using 100 percent of the change over the preceding five
 12 calendar years in the Consumer Price Index for all urban consumers for urban Alaska,
 13 compiled by the Bureau of Labor Statistics, United States Department of Labor.

14 * **Sec. 7.** AS 43.55.019(a) is amended to read:

15 (a) A producer of oil or gas is allowed a credit against the tax levied by
 16 AS 43.55.011(e) for [CONTRIBUTIONS OF CASH OR EQUIPMENT ACCEPTED
 17 FOR]

18 (1) **contributions of cash or equipment accepted for** direct
 19 instruction, research, and educational support purposes, including library and museum
 20 acquisitions, and contributions to endowment, by an Alaska university foundation or
 21 by a nonprofit, public or private, Alaska two-year or four-year college accredited by a
 22 national or regional accreditation association;

23 (2) **contributions of cash or equipment accepted for** secondary
 24 school level vocational education courses, programs, and facilities by a school district
 25 in the state;

26 (3) **contributions of cash or equipment accepted for** vocational
 27 education courses, programs, equipment, and facilities by a state-operated vocational
 28 technical education and training school, a nonprofit regional training center recognized
 29 by the Department of Labor and Workforce Development, and an apprenticeship
 30 program in the state that is registered with the United States Department of Labor
 31 under 29 U.S.C. 50 - 50b (National Apprenticeship Act);

1 (4) **contributions of cash or equipment accepted for** a facility by a
 2 nonprofit, public or private, Alaska two-year or four-year college accredited by a
 3 national or regional accreditation association;

4 (5) **contributions of cash or equipment accepted for** Alaska Native
 5 cultural or heritage programs and educational support, including mentoring and
 6 tutoring, provided by a nonprofit agency for public school staff and for students who
 7 are in grades kindergarten through 12 in the state;

8 (6) **contributions of cash or equipment accepted for** education,
 9 research, rehabilitation, and facilities by an institution that is located in the state and
 10 that qualifies as a coastal ecosystem learning center under the Coastal America
 11 Partnership established by the federal government; [AND]

12 (7) **contributions of cash or equipment accepted for** the Alaska
 13 higher education investment fund under AS 37.14.750;

14 **(8) expenditures made to operate a child care facility in the state**
 15 **for the children of the producer's employees;**

16 **(9) contributions of cash or equipment accepted by a child care**
 17 **facility in the state operated by a nonprofit corporation and attended by one or**
 18 **more children of the producer's employees; and**

19 **(10) a payment to an employee of the producer made by the**
 20 **producer for the purpose of offsetting the employee's child care costs incurred in**
 21 **the state.**

22 * **Sec. 8.** AS 43.55.019(d) is amended to read:

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

24 (1) be the basis for a credit claimed under another provision of this
 25 title; and

26 (2) when combined with contributions that are the basis for credits
 27 taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014,
 28 AS 43.56.018, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
 29 amount of credits exceeding **\$3,000,000** [\$1,000,000]; if the taxpayer is a member of
 30 an affiliated group, then the total amount of credits may not exceed **\$3,000,000**
 31 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the

1 meaning given in AS 43.20.145.

2 * **Sec. 9.** AS 43.55.019 is amended by adding a new subsection to read:

3 (i) Beginning January 1, 2030, and every five years thereafter, the Department
4 of Labor and Workforce Development shall adjust the limit under (d) of this section
5 for inflation, using 100 percent of the change over the preceding five calendar years in
6 the Consumer Price Index for all urban consumers for urban Alaska, compiled by the
7 Bureau of Labor Statistics, United States Department of Labor.

8 * **Sec. 10.** AS 43.56.018(a) is amended to read:

9 (a) The owner of property taxable under this chapter is allowed a credit
10 against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR
11 EQUIPMENT ACCEPTED FOR]

12 (1) **contributions of cash or equipment accepted for** direct
13 instruction, research, and educational support purposes, including library and museum
14 acquisitions, and contributions to endowment, by an Alaska university foundation or
15 by a nonprofit, public or private, Alaska two-year or four-year college accredited by a
16 national or regional accreditation association;

17 (2) **contributions of cash or equipment accepted for** secondary
18 school level vocational education courses, programs, and facilities by a school district
19 in the state;

20 (3) **contributions of cash or equipment accepted for** vocational
21 education courses, programs, and facilities by a state-operated vocational technical
22 education and training school;

23 (4) **contributions of cash or equipment accepted for** a facility by a
24 nonprofit, public or private, Alaska two-year or four-year college accredited by a
25 national or regional accreditation association;

26 (5) **contributions of cash or equipment accepted for** Alaska Native
27 cultural or heritage programs and educational support, including mentoring and
28 tutoring, provided by a nonprofit agency for public school staff and for students who
29 are in grades kindergarten through 12 in the state;

30 (6) **contributions of cash or equipment accepted for** education,
31 research, rehabilitation, and facilities by an institution that is located in the state and

1 that qualifies as a coastal ecosystem learning center under the Coastal America
2 Partnership established by the federal government; [AND]

3 (7) contributions of cash or equipment accepted for the Alaska
4 higher education investment fund under AS 37.14.750;

5 (8) expenditures made to operate a child care facility in the state
6 for the children of the property owner's employees;

7 (9) contributions of cash or equipment accepted by a child care
8 facility in the state operated by a nonprofit corporation and attended by one or
9 more children of the property owner's employees; and

10 (10) a payment to an employee of the property owner made by the
11 owner for the purpose of offsetting the employee's child care costs incurred in the
12 state.

13 * **Sec. 11.** AS 43.56.018(d) is amended to read:

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

15 (1) be the basis for a credit claimed under another provision of this
16 title; and

17 (2) when combined with contributions that are the basis for credits
18 taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014,
19 AS 43.55.019, AS 43.65.018, AS 43.75.018, or AS 43.77.045, result in the total
20 amount of credits exceeding \$3,000,000 [\$1,000,000]; if the taxpayer is a member of
21 an affiliated group, then the total amount of credits may not exceed \$3,000,000
22 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the
23 meaning given in AS 43.20.145.

24 * **Sec. 12.** AS 43.56.018 is amended by adding a new subsection to read:

25 (h) Beginning January 1, 2030, and every five years thereafter, the department
26 shall adjust the dollar limit on credits under (d) of this section for inflation, using 100
27 percent of the change over the preceding five calendar years in the Consumer Price
28 Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor
29 Statistics, United States Department of Labor.

30 * **Sec. 13.** AS 43.65.018(a) is amended to read:

31 (a) A person engaged in the business of mining in the state is allowed a credit

1 against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR
2 EQUIPMENT ACCEPTED FOR]

3 (1) **contributions of cash or equipment accepted for** direct
4 instruction, research, and educational support purposes, including library and museum
5 acquisitions, and contributions to endowment, by an Alaska university foundation, by
6 a nonprofit, public or private, Alaska two-year or four-year college accredited by a
7 national or regional accreditation association, or by a public or private nonprofit
8 elementary or secondary school in the state;

9 (2) **contributions of cash or equipment accepted for** secondary
10 school level vocational education courses, programs, and facilities by a school district
11 in the state;

12 (3) **contributions of cash or equipment accepted for** vocational
13 education courses, programs, and facilities by a state- operated vocational technical
14 education and training school;

15 (4) **contributions of cash or equipment accepted for** a facility by a
16 nonprofit, public or private, Alaska two-year or four-year college accredited by a
17 national or regional accreditation association or by a public or private nonprofit
18 elementary or secondary school in the state;

19 (5) **contributions of cash or equipment accepted for** Alaska Native
20 cultural or heritage programs and educational support, including mentoring and
21 tutoring, provided by a nonprofit agency for public school staff and for students who
22 are in grades kindergarten through 12 in the state;

23 (6) **contributions of cash or equipment accepted for** education,
24 research, rehabilitation, and facilities by an institution that is located in the state and
25 that qualifies as a coastal ecosystem learning center under the Coastal America
26 Partnership established by the federal government;

27 (7) **contributions of cash or equipment accepted for** the Alaska
28 higher education investment fund under AS 37.14.750;

29 (8) **contributions of cash or equipment accepted for** funding a
30 scholarship awarded by a nonprofit organization to a dual-credit student to defray the
31 cost of a dual-credit course, including the cost of

1 (A) tuition and textbooks;

2 (B) registration, course, and programmatic student fees;

3 (C) on-campus room and board at the postsecondary institution
4 in the state that provides the dual-credit course;

5 (D) transportation costs to and from a residential school
6 approved by the Department of Education and Early Development under
7 AS 14.16.200 or the postsecondary school in the state that provides the dual-
8 credit course; and

9 (E) other related educational and programmatic costs;

10 (9) **contributions of cash or equipment accepted for** constructing,
11 operating, or maintaining a residential housing facility by a residential school
12 approved by the Department of Education and Early Development under
13 AS 14.16.200;

14 (10) **contributions of cash or equipment accepted for** childhood
15 early learning and development programs and educational support to childhood early
16 learning and development programs provided by a nonprofit corporation organized
17 under AS 10.20, a tribal entity, or a school district in the state, by the Department of
18 Education and Early Development, or through a state grant;

19 (11) **contributions of cash or equipment accepted for** science,
20 technology, engineering, and math programs provided by a nonprofit agency or a
21 school district for school staff and for students in grades kindergarten through 12 in
22 the state; [AND]

23 (12) **contributions of cash or equipment accepted for** the operation
24 of a nonprofit organization dedicated to providing educational opportunities that
25 promote the legacy of public service contributions to the state and perpetuate ongoing
26 educational programs that foster public service leadership for future generations of
27 residents of the state;

28 **(13) expenditures made to operate a child care facility in the state**
29 **for the children of the person's employees;**

30 **(14) contributions of cash or equipment accepted by a child care**
31 **facility in the state operated by a nonprofit corporation and attended by one or**

1 **more children of the person's employees; and**

2 **(15) a payment to an employee of the person's business made by**
 3 **the person for the purpose of offsetting the employee's child care costs incurred**
 4 **in the state.**

5 * **Sec. 14.** AS 43.65.018(d) is amended to read:

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

7 (1) be the basis for a credit claimed under another provision of this
 8 title; and

9 (2) when combined with contributions that are the basis for credits
 10 taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014,
 11 AS 43.55.019, AS 43.56.018, AS 43.75.018, or AS 43.77.045, result in the total
 12 amount of the credits exceeding **\$3,000,000** [\$1,000,000]; if the taxpayer is a member
 13 of an affiliated group, then the total amount of credits may not exceed **\$3,000,000**
 14 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the
 15 meaning given in AS 43.20.145.

16 * **Sec. 15.** AS 43.65.018 is amended by adding a new subsection to read:

17 (h) Beginning January 1, 2030, and every five years thereafter, the department
 18 shall adjust the dollar limit on credits under (d) of this section for inflation, using 100
 19 percent of the change over the preceding five calendar years in the Consumer Price
 20 Index for all urban consumers for urban Alaska, compiled by the Bureau of Labor
 21 Statistics, United States Department of Labor.

22 * **Sec. 16.** AS 43.75.018(a) is amended to read:

23 (a) A person engaged in a fisheries business is allowed a credit against the tax
 24 due under this chapter for [CONTRIBUTIONS OF CASH OR EQUIPMENT
 25 ACCEPTED FOR]

26 (1) **contributions of cash or equipment accepted for** direct
 27 instruction, research, and educational support purposes, including library and museum
 28 acquisitions, and contributions to endowment, by an Alaska university foundation, by
 29 a nonprofit, public or private, Alaska two-year or four-year college accredited by a
 30 national or regional accreditation association, or by a public or private nonprofit
 31 elementary or secondary school in the state;

1 (2) **contributions of cash or equipment accepted for** secondary
2 school level vocational education courses, programs, and facilities by a school district
3 in the state;

4 (3) **contributions of cash or equipment accepted for** vocational
5 education courses, programs, and facilities by a state-operated vocational technical
6 education and training school;

7 (4) **contributions of cash or equipment accepted for** a facility by a
8 nonprofit, public or private, Alaska two-year or four-year college accredited by a
9 national or regional accreditation association or by a public or private nonprofit
10 elementary or secondary school in the state;

11 (5) **contributions of cash or equipment accepted for** Alaska Native
12 cultural or heritage programs and educational support, including mentoring and
13 tutoring, provided by a nonprofit agency for public school staff and for students who
14 are in grades kindergarten through 12 in the state;

15 (6) **contributions of cash or equipment accepted for** education,
16 research, rehabilitation, and facilities by an institution that is located in the state and
17 that qualifies as a coastal ecosystem learning center under the Coastal America
18 Partnership established by the federal government;

19 (7) **contributions of cash or equipment accepted for** the Alaska
20 higher education investment fund under AS 37.14.750;

21 (8) **contributions of cash or equipment accepted for** funding a
22 scholarship awarded by a nonprofit organization to a dual-credit student to defray the
23 cost of a dual-credit course, including the cost of

24 (A) tuition and textbooks;

25 (B) registration, course, and programmatic student fees;

26 (C) on-campus room and board at the postsecondary institution
27 in the state that provides the dual-credit course;

28 (D) transportation costs to and from a residential school
29 approved by the Department of Education and Early Development under
30 AS 14.16.200 or the postsecondary school in the state that provides the dual-
31 credit course; and

1 (E) other related educational and programmatic costs;

2 (9) **contributions of cash or equipment accepted for** constructing,
3 operating, or maintaining a residential housing facility by a residential school
4 approved by the Department of Education and Early Development under
5 AS 14.16.200;

6 (10) **contributions of cash or equipment accepted for** childhood
7 early learning and development programs and educational support to childhood early
8 learning and development programs provided by a nonprofit corporation organized
9 under AS 10.20, a tribal entity, or a school district in the state, by the Department of
10 Education and Early Development, or through a state grant;

11 (11) **contributions of cash or equipment accepted for** science,
12 technology, engineering, and math programs provided by a nonprofit agency or a
13 school district for school staff and for students in grades kindergarten through 12 in
14 the state; [AND]

15 (12) **contributions of cash or equipment accepted for** the operation
16 of a nonprofit organization dedicated to providing educational opportunities that
17 promote the legacy of public service contributions to the state and perpetuate ongoing
18 educational programs that foster public service leadership for future generations of
19 residents of the state;

20 **(13) expenditures made to operate a child care facility in the state**
21 **for the children of the person's employees;**

22 **(14) contributions of cash or equipment accepted by a child care**
23 **facility in the state operated by a nonprofit corporation and attended by one or**
24 **more children of the person's employees; and**

25 **(15) a payment to an employee of the person's business made by**
26 **the person for the purpose of offsetting the employee's child care costs incurred**
27 **in the state.**

28 * Sec. 17. AS 43.75.018(d) is amended to read:

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

30 (1) be the basis for a credit claimed under another provision of this
31 title; and

1 (2) when combined with contributions that are the basis for credits
 2 taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014,
 3 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.77.045, result in the total
 4 amount of the credits exceeding **\$3,000,000** [\$1,000,000]; if the taxpayer is a member
 5 of an affiliated group, then the total amount of credits may not exceed **\$3,000,000**
 6 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the
 7 meaning given in AS 43.20.145.

8 * **Sec. 18.** AS 43.75.018 is amended by adding a new subsection to read:

9 (h) Beginning January 1, 2030, and every five years thereafter, the Department
 10 of Labor and Workforce Development shall adjust the dollar limit on credits under (d)
 11 of this section for inflation, using 100 percent of the change over the preceding five
 12 calendar years in the Consumer Price Index for all urban consumers for urban Alaska,
 13 compiled by the Bureau of Labor Statistics, United States Department of Labor.

14 * **Sec. 19.** AS 43.77.045(a) is amended to read:

15 (a) A person engaged in a floating fisheries business is allowed a credit
 16 against the tax due under this chapter for [CONTRIBUTIONS OF CASH OR
 17 EQUIPMENT ACCEPTED FOR]

18 (1) **contributions of cash or equipment accepted for** direct
 19 instruction, research, and educational support purposes, including library and museum
 20 acquisitions, and contributions to endowment, by an Alaska university foundation, by
 21 a nonprofit, public or private, Alaska two-year or four-year college accredited by a
 22 national or regional accreditation association, or by a public or private nonprofit
 23 elementary or secondary school in the state;

24 (2) **contributions of cash or equipment accepted for** secondary
 25 school level vocational education courses, programs, and facilities by a school district
 26 in the state;

27 (3) **contributions of cash or equipment accepted for** vocational
 28 education courses, programs, and facilities by a state-operated vocational technical
 29 education and training school;

30 (4) **contributions of cash or equipment accepted for** a facility by a
 31 nonprofit, public or private, Alaska two-year or four-year college accredited by a

1 national or regional accreditation association or by a public or private nonprofit
2 elementary or secondary school in the state;

3 (5) **contributions of cash or equipment accepted for** Alaska Native
4 cultural or heritage programs and educational support, including mentoring and
5 tutoring, provided by a nonprofit agency for public school staff and for students who
6 are in grades kindergarten through 12 in the state;

7 (6) **contributions of cash or equipment accepted for** education,
8 research, rehabilitation, and facilities by an institution that is located in the state and
9 that qualifies as a coastal ecosystem learning center under the Coastal America
10 Partnership established by the federal government;

11 (7) **contributions of cash or equipment accepted for** the Alaska
12 higher education investment fund under AS 37.14.750;

13 (8) **contributions of cash or equipment accepted for** funding a
14 scholarship awarded by a nonprofit organization to a dual-credit student to defray the
15 cost of a dual-credit course, including the cost of

16 (A) tuition and textbooks;

17 (B) registration, course, and programmatic student fees;

18 (C) on-campus room and board at the postsecondary institution
19 in the state that provides the dual-credit course;

20 (D) transportation costs to and from a residential school
21 approved by the Department of Education and Early Development under
22 AS 14.16.200 or the postsecondary school in the state that provides the dual-
23 credit course; and

24 (E) other related educational and programmatic costs;

25 (9) **contributions of cash or equipment accepted for** constructing,
26 operating, or maintaining a residential housing facility by a residential school
27 approved by the Department of Education and Early Development under
28 AS 14.16.200;

29 (10) **contributions of cash or equipment accepted for** childhood
30 early learning and development programs and educational support to childhood early
31 learning and development programs provided by a nonprofit corporation organized

1 under AS 10.20, a tribal entity, or a school district in the state, by the Department of
2 Education and Early Development, or through a state grant;

3 (11) **contributions of cash or equipment accepted for** science,
4 technology, engineering, and math programs provided by a nonprofit agency or a
5 school district for school staff and for students in grades kindergarten through 12 in
6 the state; [AND]

7 (12) **contributions of cash or equipment accepted for** the operation
8 of a nonprofit organization dedicated to providing educational opportunities that
9 promote the legacy of public service contributions to the state and perpetuate ongoing
10 educational programs that foster public service leadership for future generations of
11 residents of the state;

12 **(13) expenditures made to operate a child care facility in the state**
13 **for the children of the person's employees;**

14 **(14) contributions of cash or equipment accepted by a child care**
15 **facility in the state operated by a nonprofit corporation and attended by one or**
16 **more children of the person's employees; and**

17 **(15) a payment to an employee of the person's business made by**
18 **the person for the purpose of offsetting the employee's child care costs incurred**
19 **in the state.**

20 * **Sec. 20.** AS 43.77.045(d) is amended to read:

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

22 (1) be the basis for a credit claimed under another provision of this
23 title; and

24 (2) when combined with contributions that are the basis for credits
25 taken during the taxpayer's tax year under AS 21.96.070, AS 43.20.014,
26 AS 43.55.019, AS 43.56.018, AS 43.65.018, or AS 43.75.018, result in the total
27 amount of the credits exceeding **\$3,000,000** [\$1,000,000]; if the taxpayer is a member
28 of an affiliated group, then the total amount of credits may not exceed **\$3,000,000**
29 [\$1,000,000] for the affiliated group; in this paragraph, "affiliated group" has the
30 meaning given in AS 43.20.145.

31 * **Sec. 21.** AS 43.77.045 is amended by adding a new subsection to read:

1 (g) Beginning January 1, 2030, and every five years thereafter, the Department
 2 of Labor and Workforce Development shall adjust the dollar limit on credits under (d)
 3 of this section for inflation, using 100 percent of the change over the preceding five
 4 calendar years in the Consumer Price Index for all urban consumers for urban Alaska,
 5 compiled by the Bureau of Labor Statistics, United States Department of Labor.

6 * **Sec. 22.** AS 47.05.030(a) is amended to read:

7 (a) Except as provided in (b) and (c) of this section and for purposes directly
 8 connected with the administration of general assistance, adult public assistance, the
 9 **child** [DAY] care assistance program authorized under AS 47.25.001 - 47.25.095, or
 10 the Alaska temporary assistance program, and in accordance with the regulations of
 11 the department, a person may not solicit, disclose, receive, make use of, or authorize,
 12 knowingly permit, participate in, or acquiesce in the use of, a list of or names of, or
 13 information concerning, persons applying for or receiving the assistance directly or
 14 indirectly derived from the records, papers, files, or communications of the department
 15 or subdivisions or agencies of the department, or acquired in the course of the
 16 performance of official duties.

17 * **Sec. 23.** AS 47.05.085(a) is amended to read:

18 (a) The commissioner or the commissioner's designee at the director level may
 19 issue subpoenas to compel the production of books, papers, correspondence,
 20 memoranda, and other records considered necessary as evidence in connection with an
 21 investigation under or the administration of AS 47.07 (medical assistance), AS 47.08
 22 (assistance for catastrophic illnesses and acute or chronic medical conditions),
 23 AS 47.25 (**child** [DAY] care assistance, child care grants, general relief, adult public
 24 assistance, and food stamps), and AS 47.27 (Alaska temporary assistance program).

25 * **Sec. 24.** AS 47.25.001(a) is amended to read:

26 (a) The department shall

27 (1) implement and administer a program to assist in providing **child**
 28 [DAY] care for the children of low and moderate income families according to the
 29 requirements of AS 47.25.001 - 47.25.095;

30 (2) establish standards of eligibility for **child** [DAY] care benefits; **the**
 31 **standards must provide that the maximum monthly household income for a**

1 **family to be eligible for the program is 105 percent of the median monthly**
 2 **household income in the state, adjusted for family size, unless the family is**
 3 **otherwise exempt from income eligibility requirements;**

4 (3) contract for the care of children of eligible families;

5 (4) establish procedures to periodically review the needs of families
 6 receiving **child** [DAY] care benefits;

7 (5) provide notification to the local government body of the request for
 8 a contract with a **child** [DAY] care facility;

9 (6) establish an electronic application for assistance and allow an
 10 applicant to submit an application in electronic format or in other formats required by
 11 state and federal law; the electronic application must inform an applicant that a false
 12 statement made on the application will be investigated and is punishable under
 13 AS 11.56.210;

14 **(7) establish a program to partner with private sector entities to**
 15 **create incentives for employers to develop on-site or near-site child care.**

16 * **Sec. 25.** AS 47.25.011 is amended to read:

17 **Sec. 47.25.011. Administrative costs of program contractors.** To defray
 18 administrative expenses, a contractor under AS 47.25.001(b) may only retain \$1,000
 19 or 12 percent, whichever is greater, of the **child** [DAY] care assistance program funds
 20 it receives from the department under the contract.

21 * **Sec. 26.** AS 47.25.021 is amended to read:

22 **Sec. 47.25.021. Conditions of receipt of benefits.** Benefits may be paid for
 23 the care of children of a low or moderate income family only if a parent or guardian,
 24 because of the **child** [DAY] care, is freed to work or to seek work or to attend school.
 25 Benefits may not be paid for the care of children of a family where one parent or
 26 guardian is not working, actively seeking work, or attending school and is physically
 27 and mentally capable of caring for the children.

28 * **Sec. 27.** AS 47.25.031 is amended to read:

29 **Sec. 47.25.031. Eligibility of families for benefits.** The department shall
 30 determine the eligibility of families for **child** [DAY] care benefits on the basis of the
 31 following factors:

1 (1) income of the family including salary, alimony, child support,
2 retirement benefits, social security, and any other source of income;

3 (2) number of children in the family;

4 (3) whether there is one parent or guardian solely responsible for the
5 care of the family.

6 * **Sec. 28.** AS 47.25.041 is amended to read:

7 **Sec. 47.25.041. Contributions by parent or guardian.** The department shall
8 develop a sliding fee scale based on the factors listed in AS 47.25.031 for purposes of
9 determining the amount to be contributed by the parent or guardian for child care; **the**
10 **amount may not exceed seven percent of the family monthly income.** The
11 contribution of the parent or guardian shall be paid to the **child** [DAY] care facility.

12 * **Sec. 29.** AS 47.25.051 is amended to read:

13 **Sec. 47.25.051. Placement; payment by state.** (a) Parents or guardians shall
14 select the **child** [DAY] care facility for the care of their children.

15 (b) Benefits shall be paid by the department directly to the municipality or
16 organization contracting with the **child** [DAY] care facility.

17 * **Sec. 30.** AS 47.25.051 is amended by adding a new subsection to read:

18 (c) The department shall use a market rate study or a cost of care study to
19 establish a subsidy rate for each region served by the program established under
20 AS 47.25.001. The department shall use the subsidy rate to determine the amount of
21 benefits payable by the department under (b) of this section.

22 * **Sec. 31.** AS 47.25.071(b) is amended to read:

23 (b) To qualify for a grant under (a) or (d) of this section, the child care facility
24 must

25 (1) be currently licensed under AS 47.32 and applicable municipal
26 licensing requirements;

27 (2) participate in the **child** [DAY] care assistance program under
28 AS 47.25.001 - 47.25.095; [AND]

29 (3) provide care under a payment system as provided in (g) of this
30 section; **and**

31 **(4) be designated as a quality child care facility by the department.**

1 * **Sec. 32.** AS 47.25.071(g) is amended to read:

2 (g) A [EACH] child care facility receiving a grant under (a) or (d) of this
3 section shall

4 **(1)** assure that at least 15 percent or one of its child care spaces
5 receiving subsidy under this section, whichever is greater, will be made available, if
6 requested, to children eligible for **child** [DAY] care assistance under AS 47.25.001 -
7 47.25.095, whose parents or guardians wish to pay for care based on attendance only;

8 **(2) give priority to children from low-income families when filling**
9 **available child care spaces in the facility.**

10 * **Sec. 33.** AS 47.25.071(h) is amended to read:

11 (h) The department shall, in consultation with **a child care resource and**
12 **referral agency in the state** [INTERESTED CHILD CARE PROVIDERS] and
13 parents, adopt regulations to carry out the purposes of this section, **including criteria**
14 **used to designate a child care facility as a quality child care facility under (b)(4)**
15 **of this section.**

16 * **Sec. 34.** AS 47.25.071 is amended by adding new subsections to read:

17 (i) In addition to the grants provided in (a) and (d) of this section, the
18 department may, subject to appropriations for that purpose, provide grants to the
19 highest performing and highest quality child care facilities in the state. The department
20 may use quality recognition and improvement system metrics to determine the highest
21 performing and highest quality child care facilities in the state. To receive a grant
22 under this subsection, the child care facility must be currently licensed under AS 47.32
23 and applicable municipal licensing requirements.

24 (j) A child care facility receiving a grant under (a) or (d) of this section may
25 not deny a child acceptance to the facility based on disability or socioeconomic status.

26 * **Sec. 35.** AS 47.25.095(2) is amended to read:

27 (2) "child care facility" means an establishment licensed as a child care
28 facility under AS 47.32 [, INCLUDING DAY CARE CENTERS, FAMILY DAY
29 CARE HOMES, AND SCHOOLS FOR PRESCHOOL AGE CHILDREN,] that
30 provides care for children not related by blood, marriage, or legal adoption to the
31 owner, operator, or manager of the facility, **or an establishment recognized by the**

1 **federal government for the care of children;**

2 * **Sec. 36.** AS 47.25.095(3) is amended to read:

3 (3) "**child** [DAY] care" means the care, supervision, and guidance of a
4 child or children unaccompanied by a parent or legal guardian on a regular basis for
5 periods of less than 24 hours a day;

6 * **Sec. 37.** AS 47.25.071(c) and 47.25.095(4) are repealed.

7 * **Sec. 38.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 CHILD CARE AND DEVELOPMENT FUND PLAN FEDERAL APPROVAL. To
10 the extent necessary to implement sec. 24 of this Act, the Department of Health shall amend
11 and submit for federal approval the state plan for the state's child care assistance program
12 under the federal child care and development fund program, consistent with AS 47.25.001(a),
13 as amended by sec. 24 of this Act.

14 * **Sec. 39.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 CONDITIONAL EFFECT; NOTIFICATION. (a) This Act takes effect only if, on or
17 before January 1, 2026, the United States Department of Health and Human Services

18 (1) approves the amendment to the state plan for child care assistance program
19 under the federal child care and development fund program, consistent with AS 47.25.001(a),
20 as amended by sec. 24 of this Act; or

21 (2) determines that approval of the amendment to the state plan for the child
22 care assistance program is not necessary.

23 (b) The commissioner of health shall notify the revisor of statutes in writing within 30
24 days after the United States Department of Health and Human Services approves the
25 amendment to the state plan or determines that approval is not necessary under (a)(1) or (2) of
26 this section.

27 * **Sec. 40.** Section 37, ch. 61, SLA 2014, as amended by sec. 40, ch. 101, SLA 2018, is
28 amended to read:

29 Sec. 37. Sections 1, 2, and 21, **ch. 61, SLA 2014,** [OF THIS ACT] take effect
30 January 1, **2028** [2025].

31 * **Sec. 41.** If sec. 24 of this Act takes effect, it takes effect on the day after the date the

1 United States Department of Health and Human Services approves the corresponding
2 amendment to the state plan or determines that approval is not necessary.

3 * **Sec. 42.** Except as provided in sec. 41 of this Act, this Act takes effect immediately under
4 AS 01.10.070(c).