



May 15, 2023

Senators Hoffman, Olson, Stedman, Co-Chairs
Senate Finance Committee

Re: Senate Bill 114, Oil & Gas Production Tax; Income Tax, version 33-LS0641\R

Dear Co-Chairs Hoffman, Olson, Stedman and members of the Senate Finance Committee,

The Alaska Chamber (the Chamber) writes in opposition of Senate Bill 114, an Act establishing an income tax on certain entities producing or transporting oil or gas in the state; relating to the oil and gas production tax; and providing for an effective date.

The Alaska Chamber was founded in 1953 and is Alaska's largest statewide business advocacy organization. Our mission is to promote a healthy business environment in Alaska. The Chamber has more than 700 members and represents businesses of all sizes and industries from across the state, representing 58,000 Alaskan workers and \$4.6 billion in wages.

The Alaska Chamber has several longstanding policy positions to support and encourage the growth of the oil and gas industry here in Alaska, including a specific position to "Support and encourage a positive investment climate that provides certainty and stability for statewide oil and gas activities; oppose efforts to increase oil and gas taxes."

SB114 is in direct conflict with this position as it seeks to impose a multi-layered and massive tax increase on large and small oil and gas companies which could cripple Alaska's economy. As many know, one in four jobs in Alaska can be attributed to the oil and gas industry, and SB 114 would have far-reaching negative consequences throughout our broader economy, threatening jobs all across the state.

The Chamber has another policy position to "Oppose new targeted taxes." While SB114 itself is a targeted tax, there is a provision within it that specifically targets S corporations. As the state's broadest business advocacy organization, the Chamber has grave concerns that if the legislature is going to open the door on S corporations within the oil and gas sector, it will only be a matter of time before taxation on other S corporations in Alaska are introduced. Will it be the fishing industry next? Banks? Medical cooperatives? This provision is cause for great concern among all S corporations registered in the state of Alaska.

In closing, the Chamber strongly opposes SB114 and we encourage a no vote.

Sincerely,

A handwritten signature in black ink that reads 'Kati Capozzi'.

Kati Capozzi
President and CEO



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