



May 15, 2023

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

Re: Senate Bill 122, Apportion Taxable Income; Digital Business, version 33-LS0663\Y

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

The Alaska Chamber (the Chamber) writes to express strong opposition to Senate Bill 122, version 33-LS0663\Y an Act relating to the Multistate Tax Compact; relating to apportionment of income to the state; establishing an income tax on certain entities producing or transporting oil and gas in the state; relating to highly digitized businesses subject to the Alaska Net Income Tax Act; and providing for an effective date. As the voice of the Alaska business community, we are dedicated to fostering a vibrant business environment across the state. In our members' view, SB 122 is bad public policy for several reasons.

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 Chamber has long opposed targeted taxes on businesses or industries. We firmly believe that such measures undermine the very foundation of entrepreneurship, innovation, and job creation required to move Alaska forward. Our stance is grounded in the understanding that a thriving business community is essential for the prosperity of the State and its residents.

Senate Bill 122 seeks to introduce new tax burdens only on certain types of business. In fact, committee conversation clearly show that one single company is the primary target of the portions of the bill addressing oil and gas entities.

In the sections addressing highly digitized commerce, the bill throws away the long-held tenets of apportionment when it comes to corporate income tax for some companies while appearing to exempt others. It is obvious that the language is vague and causes confusion as hasty changes had to be made to ensure public utilities and telecommunications companies were exempt. Without thorough vetting of this bill it is unclear to us just how many other companies will be subject to these changes as the Legislature targets "highly digitized commerce." Ambiguity is not ideal when implementing a sweeping new tax bill.

We respectfully request you reconsider Senate Bill 122 so businesses can thrive, and citizens can enjoy sustained economic opportunities.

Thank you for your time and consideration, and please contact me with questions.

Sincerely,

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

Kati Capozzi
President and CEO



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