



May 6, 2025

Members of the House of Representatives
Alaska State Legislature

Re: Senate Bill 113, Apportion Taxable Income; Digital Business, version 34-LS0564\A

Dear Members of the Alaska House of Representatives,

The Alaska Chamber (the Chamber) writes to express strong opposition to Senate Bill 113, version 34-LS0564\A an act relating to the Multistate Tax Compact; relating to apportionment of income to the state; relating to highly digitized businesses subject to the Alaska Net Income Tax Act; and providing for an effective date.

The Alaska Chamber is the state'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.

As the voice of the Alaska business community, we are dedicated to fostering a vibrant business environment across the state. We had planned to share our concerns with the House Finance Committee during public testimony; however, the bill was moved without taking any public testimony, which is unusual considering it was the only committee of referral on the House side and the public is typically provided at least one opportunity to weigh in on legislation before a floor vote, especially a tax bill with an indeterminate fiscal note.

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.

SB113 has been rushed through without lawmakers and the public having the opportunity to understand the full impact of the legislation. It has been suggested, and many seem satisfied, that this bill only targets large e-commerce companies. That is not true. This bill will have a significant impact on Alaska businesses and other major Alaska business partners who do a large portion of their business transactions online, representing a massive percentage of Alaska businesses.

This bill is not just a tax on digitized providers, non-Alaska corporations that provide goods into Alaska will now be subject to Alaska corporate income tax, regardless of their location and Alaska has the highest corporate income taxes in the U.S. This will ultimately raise the price of the goods that they sell in Alaska and raise costs to both individuals and businesses that rely on them. To say this has no impact on Alaskans is untrue and disingenuous. These businesses will pass on the increased tax to both Alaska consumers and Alaska businesses.



2550 Denali Street, Suite 530
Anchorage, AK 99503



Office (907) 278-2722

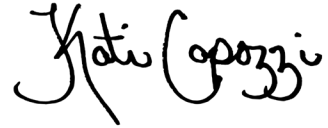


www.alaskachamber.com
info@alaskachamber.com

We respectfully request you reconsider Senate Bill 113 and take the appropriate time to understand its full impact on the Alaska economy and individual Alaskans.

Thank you for the opportunity to provide comments on this harmful bill.

Sincerely,

A handwritten signature in black ink that reads "Kati Capozzi". The signature is written in a cursive, flowing style.

Kati Capozzi
President and CEO