

April 25, 2025

Senate Bill 96 Invited Testimony before Senate Finance Committee

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

Thank you for the opportunity to testify today. My name is Kati Capozzi, and I proudly serve as the President & CEO of the Alaska Chamber of Commerce. The Chamber has over 700 members across the state of Alaska, representing businesses of all sizes and types, from every major economic sector. Our mission is to promote a healthy business environment in Alaska. The Chamber is testifying today in support of SB96, and we thank the many members of the legislature who have championed this legislation and in fact voted to pass it last year in the final hours of session.

Alaska's economy depends on a strong, stable workforce. Yet, the lack of affordable and accessible child care is one of the greatest barriers to workforce participation. Nearly 50,000 working-age adults in Alaska rely on child care to participate in the labor force. However, with one in every five licensed child care providers closing since 2020 and continued labor shortages, child care access continues to be at a crisis point.

Employers across the state report that they struggle to recruit and retain employees because child care options are either too expensive or simply unavailable. When employees cannot find child care, businesses suffer. According to the Untapped Potential report, conducted by the U.S. Chamber Foundation and in partnership with the Alaska Chamber, child care-related absences and employee turnover cost the Alaskan economy at least \$165 million per year in lost productivity and wages. These challenges disproportionately impact working parents, particularly women, who often have no choice but to reduce their hours or leave the workforce altogether. In the most recent statewide public opinion survey we conducted just last month, 24% of parents missed work and 13% of parents chose not to work due to a lack of affordability or accessibility. That is an increase from last year's survey. So, in other words, we have thousands of able-to-work Alaskans sitting on the sidelines due to this child care crisis, costing employers millions of dollars.

Like many services in Alaska, child care is among the most expensive in the nation. The average cost for full-time care for an infant is \$21,000 per year, making it one of the largest expenses for working families. For many households, the lack of affordable options means one parent must leave the workforce, further constraining Alaska's labor pool.

SB96 would simply add an additional mechanism to the existing education tax credits, which were extended last year. It doesn't increase the tax credit cap or draw any additional revenue that wasn't already accounted for in last year's bill. It would simply provide corporate income tax paying employers the opportunity to provide child care benefits to their employees, provide direct support to child care facilities, or even use the credit towards on-site child care.

I'd be remiss if I didn't address one piece of the bill we are concerned with, which is that it would sunset the education tax credit bill one year sooner, from 2029 to 2028. These tax credits are used by many Alaska Chamber members to invest in the University of Alaska and multitude of workforce development programs. That said, we are still supportive of this bill and encourage swift passage.

I appreciate the opportunity to testify and am happy to take any questions.



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