



March 24, 2025

The Honorable Donny Olson  
Co-Chair, Senate Finance Committee  
State Capitol Bldg., Room 508  
Juneau, AK 99801

**RE: Senate Bill 113**

Dear Chair Olson:

On behalf of CTIA®, the trade association for the wireless communications industry, I am writing to express our support for an amendment to Senate Bill 113 that would allow communications companies to retain the current apportionment methodology for income tax purposes. As you know, SB 113 proposes to change the apportionment method for sales of services and intangibles from “cost of performance (COP) sourcing” to “market-based sourcing.”

Communications companies operate differently from other industries affected by this shift. Wireless services are inherently mobile, making market-based sourcing difficult to implement with accuracy.

While we understand the bill’s intent to ensure that companies that have limited or no investment or employees in Alaska pay their fair share of income taxes, the communications industry does not fall into this category. Wireless providers maintain extensive infrastructure, including cell towers, fiber networks, and switching facilities, to provide reliable service to consumers and businesses. The industry also supports thousands of jobs in Alaska and contributes substantial tax revenue through property taxes, sales taxes, and customer fees.

Under the three-factor apportionment applicable under current law, communications companies allocate significant portions of their multistate income to Alaska under both the property and payroll factors. We believe that the current three-factor apportionment with COP sourcing appropriately reflects how communications companies earn income in Alaska.

Wireless providers are currently investing billions of dollars per year nationally – and tens of millions in Alaska – to upgrade and expand wireless networks to keep up with rapidly-growing consumer demand for mobile broadband. CTIA supports tax policies that promote investment, innovation, and economic growth. Retaining COP sourcing for communications companies will help ensure continued network expansion in Alaska.

Thank you for considering our request to retain COP sourcing for the communications industry.

Sincerely,

*Annissa Reed*

Annissa Reed  
Director, State and Local Affairs