



4/09/2025

RE: Support for Senate Bill 92

Dear Members of the Senate Finance Committee –

Cook Inletkeeper is a nonprofit advocate for clean water, healthy salmon, and strong communities in the Cook Inlet watershed, encompassing the Kenai Peninsula, Anchorage, Mat-Su Valley, and west Inlet regions. We strongly support Senate Bill 92 and believe that taxing oil and gas S-Corporations in the same manner as C-corporations is an important first step in repairing Alaska's fiscal foundations.

As long as oil and gas extraction is a significant source of state revenue, Alaska will be undermining itself by preserving a loophole that allows Hilcorp, now the state's major industry player, to profit from our resources without paying income tax that would be collected in any other state.

Income tax is unlikely to deter S-corporation drillers from making investments in oil and gas production, given that their tax-paying C-Corp peers have invested and continue to invest profitably in those same resources under the same conditions. Aside from the practical benefits of closing a revenue leak that has contributed to our substantial budget deficits, SB 92 establishes basic fairness. There's no policy reason for excusing an S-Corporation from income taxes thanks to its incorporation structure while C-Corps earning comparable revenue are taxed.

Rather than creating a new tax, SB 92 applies our existing tax structure with consistency. Until we make this basic fix, our ongoing fiscal crisis – with all its painful decisions about deficits, school funding, and state services – will be in part a self-inflicted wound.

We hope you will vote to recommend Senate Bill 92 and see it successfully through the legislature.

Thank you,

Loren Barret, Co-Executive Director

Date: 4/7/2025

Bridget Maryott, Co-Executive Director

Date: 04/04/25

Ben Boettger, Energy Policy Analyst

Date: 04/02/25