

Testimony for SB 92 (S-Corp Oil Tax), April 9, 2025
Alaska Senate Finance Committee
Leila Kimbrell, Resource Development Council

Good morning, Co-Chairs Hoffman, Olsen, Stedman and Members of the Senate Finance Committee. My name is Leila Kimbrell, Executive Director of the Resource Development Council for Alaska. I testify today in opposition of SB 92.

RDC is a non-profit trade association representing Alaska's fishing, tourism, timber, mining, and oil and gas industries. For 50 years, we have advocated for a strong, diversified private sector and to expand the state's economy through the responsible development of our natural resources.

We have long-held that responsible fiscal policy should be balanced against (1) a meaningful spending limit, (2) policies that encourage expansion of a diverse private sector; (3) reducing the budget deficit in a way that encourages long-term investment in our private sector; and must include (4) stable tax policies so critical to maintaining and enhancing our competitiveness for all industries, including the oil and gas sector. SB 92 does not do this.

Rather, this bill unfairly targets only those S-Corporations in the oil and gas sector with income exceeding \$5 million and would be retroactively applied. Moreover, this appears to be a targeted at one company, though impacts several more in just one industry. Yet there are over 11,000 S-Corporations in other industries registered in Alaska.

The targeted, discriminatory, and retroactive nature of this bill also appears to raise legal and constitutional concerns that should be addressed.

As members of the legislature, you have an obligation to consider how this will impact future resource development and Alaska's long-term competitiveness.

SB 92 threatens investment and opportunity in Alaska, including both the North Slope and in Cook Inlet – a resource critical to lowering energy costs in Alaska.

Less investment means less development and production, leading to lower throughput in TAPS, and fewer well-paying, industry-supported jobs in Alaska. Ultimately, this means less revenue for the state.

For these reasons, RDC encourages you to oppose SB 92. Thank you.