

# ALASKA STATE LEGISLATURE

## RESOURCES COMMITTEE

SENATOR CATHY GIESSEL  
Chair, Senate Resources Committee  
State Capitol, Room 121  
Juneau, AK 99801-1182  
(907) 465-4843



Sen. Bill Wielechowski, Vice-Chair  
Sen. Matt Claman  
Sen. Forrest Dunbar  
Sen. Scott Kawasaki  
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Sen. Rob Myers

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### SENATE BILL 227

#### *Tax Compact; Sales Tax; Oil & Gas Tax*

#### EXPLANATION OF CHANGES (Ver. N to I)

- Eliminated the sales tax.
- Removed conditional effect language.
- Removed the effective dates that would have established varying effective dates for different tax programs.
- Removed the effective dates that would have reverted specific tax regimes implemented by the bill to match existing state policy (effectively sunseting newly enacted tax policy).
- Sections 2 and 12: Added current Senate Bill 113, which would modernize Alaska's corporate income tax law by adopting market-based sourcing for calculating the portion of a taxpayer's sales that are subject to Alaska's corporate income tax and adopts a single sales factor for calculating the taxable income of high digitized businesses.
- Section 3: Added current Senate Bill 92, which would require certain oil and gas S-Corporations and Limited Liability Companies to pay corporate income tax; but amended with brackets for taxable income levels and tax rates beginning at \$1M net income.
- Section 13: Added an Education Head Tax, bracketed based on yearly income, intended to be used to fund public education and deferred maintenance of education buildings and existing infrastructure.
- Section 14: Maintains the 6 percent minimum production tax in Version N.
- Section 15: Added a provision ensuring that the 6 percent minimum production tax operates as a hard floor, while adding that credits and removed the sunset clause.
- Sections 17-25: Added current Senate Bill 112, which would reduce the sliding scale per-barrel credit from a maximum of \$8 to \$5 per barrel, and ties their use to amount of qualified capital expenditures made in the same year.
- Sections 29-32: Kept the 15-cent per barrel infrastructure maintenance surcharge on oil transported through TAPS, and removed the sunset.
- Added an effective date of January 1, 2027, except for the S-corp tax under Section 3, which goes into effect retroactively January 1, 2026.