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# ALASKA STATE LEGISLATURE



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## **Sponsor Statement**

### **Senate Bill 3002**

*September 9, 2021*

*Version 32-LS1152/B*

*"An act establishing an income tax on certain entities in the state; relating to the motor fuel tax; relating to nontransferable tax credits against the oil and gas production tax; and providing for an effective date."*

The Fiscal Plan Working Group of 2021 was a historic occasion that brought equal numbers of legislators from both bodies and all four caucuses. Their report recommended considering additional revenue that works upwards of \$500 million to \$775 million a year as part of a comprehensive solution.

Senate Bill 3002 seeks to address a portion of this goal by increasing revenue from three existing sources, all based on proposed bills that have already been discussed or introduced during the 32<sup>nd</sup> Legislature:

1. Close a loophole in Alaska's corporate income tax structure to capture non-public corporations' income over \$4 million at a rate of 9.4 percent;
2. Partially repeal the sliding scale per barrel tax credit, reducing the cap to \$5 per barrel; and
3. Increase Alaska's motor fuel taxes per gallon from \$0.08 per gallon to \$0.16 per gallon, moving Alaska from the lowest motor fuel tax in the nation to rank 43<sup>rd</sup> overall.

Initial revenue estimates are based on the Fiscal Plan Working Group assumptions presented to the legislature in August 2021. If SB 3002 passes this fall, this current fiscal year (FY22) could see an increase of approximately \$195 million in new revenue, steadily increasing to \$300 million by FY25, and surpassing \$500 million in additional revenue in FY30.

It is my hope the Senate gives meaningful revenue serious consideration as we move toward a comprehensive fiscal plan. I look forward to the body's discussion and deliberation.