



"Village with a Past, City with a Future"

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April 4, 2016

The Honorable Anna MacKinnon
The Honorable Pete Kelly
Alaska State Capital
Senate Finance Committee
Juneau, AK 99801

Subject: CS for House Bill No. 100 (FIN), An Act establishing a credit against income tax for an in-state processing facility that manufactures urea, ammonia, or gas-to-liquid products

Senator Mackinnon and Senator Kelly:

The purpose of this correspondence is to state the City of Kenai's unequivocal support for the above-referenced legislation, and to respectfully request that a hearing be scheduled before the Senate Finance Committee so that this important legislation may be passed by the Legislature during this session.

The Kenai Peninsula and all of Alaska was significantly impacted when Agrium ceased operations, and over 200 well-paying, full-time, jobs were lost. These jobs were filled by Alaskans that live here and raise their families here.

Passage of HB100 is an important component of the re-opening of the Agrium plant for the manufacturing of products to the world export market, and for products that are used in the State of Alaska. The Kenai Airport and many of the Airports throughout the State used urea produced by Agrium. Other products such as fertilizers and ice-melt were sold throughout the State.

The proposed tax incentive is crafted in such a manner as to provide tax relief only if Agrium/Manufacturer generates sufficient gas demand to produce income to the State of Alaska greater or equal to the tax incentive. Further, under HB100, the tax incentive would expire on December 31, 2024, thereby increasing revenues to the State.

This passage of this legislation would be a win for Alaskan workers and their families and State and local governments.

The City of Kenai urges your positive consideration of CSHB100(FIN).

Sincerely,

CITY OF KENAI

Pat Porter
Mayor