

Mining License Tax (AS 43.65)

What it Does

- Increases the current top tax rate on net profits greater than \$100,000 / year from 7% to 9%
- Reduces tax holiday for new mines from 3 ½ years to 2 years
- Prevents the mining Exploration Incentive Credits from being used to reduce royalties, limiting to just the tax
- Adds a \$50 annual license fee (miners are exempted from needing a business license, which is also \$50)

How it Differs from Regular Session Bill

- Original bill sought elimination of tax holiday
- EIC / Royalty change made in House Resources

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How Much Does it Raise?

- About \$7 million / year
- About \$25,000 from the license fee

How Does it Impact Alaskans?

- In 2014, only 14 taxpayers had over \$100k in taxable profits, meaning they paid at the top bracket
 - There are only about 5 large mines in the state. The rest are either placer miners who had a good year, or landowners who collect taxable mining royalties
- The tax increase does not impact “mom and pop” miners at all, other than the \$50 annual license fee