

From: Erin Ealum [mailto:Erin@eklutnainc.com]

Sent: Monday, February 13, 2012 11:15 AM

To: Sen. Joe Paskvan; Sen. Tom Wagoner; Sen. Bill Wielechowski; Sen. Bert Stedman; Sen. Lesil McGuire; Sen. Hollis French; Sen. Gary Stevens

Cc: Curtis McQueen; Jim Arnesen

Subject: SB 176 Exemptions from Mining Tax



February 13, 2012

Senator
State Capitol
Juneau, AK 99801-1182

Re: SB 176. "Exemptions From Mining Tax"

Dear Senator,

Eklutna, Inc. wishes to express its support for Senate Bill No. 176 as it addresses an onerous administrative burden on gravel extraction operations for both private business and the Alaska Department of Revenue. This bill will exempt sand and gravel operations from the mining license tax.

The present mining tax costs more to collect than the revenues realized. When you consider that about half of all sand and gravel products are used for public projects, it is really the public that is paying an extra tax without a good reason. Mining taxes are more appropriate for minerals, not sand and gravel products.

The audits that need to be performed to calculate the taxes are time-consuming for both the state and operators. The amount of mining license tax paid by the sand and gravel industry is miniscule compared with other taxed minerals. The end result is that the system is inefficient and not cost effective for any party.

Repealing the mining tax for sand and gravel will remove an unnecessary burden for private businesses and allow the Department of Revenue to redirect their activities to revenue producing activities on high value mineral mining operations.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Curtis J. McQueen".

Curtis J. McQueen
CEO

A handwritten signature in black ink, appearing to read "Jim A. Arnesen".

Jim A. Arnesen
Corporate Lands and Regulatory Manager