ALASKA TRUST COMPANY

Complete Trust & Investment Solutions™

February 13, 2015

Senator John Coghill
State Senate
State Capitol Room 119
Juneau AK, 99801

Dear Senator Coghill,

On behalf of Alaska Trust Company, we would like to emphasize the importance of SB 15.

This bill provides a meaningful update to Alaska Statutes and provides increased value to using Alaska as a trust jurisdiction. Since the passage of the Alaska Trust Act in 1997, Alaska has become a premier jurisdiction for trust planning and administration. Our distinctive statutes have made Alaska a top destination for trust business and have provided Alaska with increased revenue, job creation and great benefits for our residents. Unfortunately, other states have seen the success of Alaska in this regard and have thus looked to mirror Alaska's laws. This increased competition requires a constant review, appraisal and change to Alaska Statutes in order to maintain our distinction.

Due to Alaska's favorable life insurance premium tax structure and the benefits of holding life insurance inside of a trust, the State has received millions of dollars in insurance premium tax revenue. Without the passage of the earlier statutes, Alaska would likely not have received this revenue. Over the past number of years, Alaska has been receiving a decreasing amount of this business, and thus revenue. A large part of this decline can be attributable to the lower premium tax that is charged by South Dakota. As you know, Americans are very tax sensitive and, even though the difference in minimal, many elect to do business in the jurisdiction with the lowest tax. We firmly believe that lowering the premium tax, on those premiums over $100,000, from ten (10) basis points to eight (08) will actually increase revenue to the State of Alaska due to increased business.

We understand that State revenue is always an important issue, particularly in this Legislative session, and we do not take this issue lightly. It is our genuine belief that the State will only continue to lose a greater share of this business without a change. However, with a change the State could receive increased revenue. The trust laws of Alaska have brought us all great benefits and have cost the State nothing. We are looking to continue this fortune for years to come and ask for your support in helping us to achieve this goal.

With this, we would like to voice our strong support for the ratification of Senate Bill 15.

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Sincerely,

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