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January 27, 2012

Representative Paul Seaton  
State Capitol Room 102  
Juneau, Alaska, 99801

RE: House Bill No. 298 "An Act exempting sand quarry rock and gravel and marketable earth mining operations from the mining license tax; and providing for an effective date."

Dear Representative Seaton:

Thank you for your support in sponsoring this important piece of legislation. Though this bill is short, it will remove a burdensome tax and benefit the citizens of Alaska.

Secon is an integrated business, and the mining activities we undertake are a very small part of our operations. However, segregating the mining activities to prepare the State of Alaska mining tax return takes almost as much time as it does to prepare our Federal and State income tax returns.

The audit of two years of our mining tax returns by the Department of Revenue (DOR) has been overwhelming to say the least. Secon has spent approximately 200 hours gathering information and preparing schedules, two DOR auditors were on site in our offices in 2011 for five days each – and the audit is still not complete. Our corporate offices in Anchorage have spent considerable more time than this compiling and consolidating the information for the audit.

All of the sand, rock, and gravel that we mine stays here in Alaska. The majority of it is used in government public works projects (roads, bridges, sidewalks, airports, etc.) along with private projects (driveways, home foundations, gravel for icy roads, etc.) The costs of preparing the mining license tax return and complying with DOR audit requests is passed on the end user of products, which is the State of Alaska and the citizens of Alaska.

Thank you for your time and support of this bill and for your service to our wonderful state.

Sincerely,

A handwritten signature in black ink that reads "Julie Olson".

Julie Olson, CPA  
Controller

Cc: Representative Cathy Munoz