

Linda Hay

From: Tim Hroza <THroza@COLASKA.com>
Sent: Wednesday, February 01, 2012 9:01 AM
To: Rep. Paul Seaton; Rep. Eric Feige; Rep. Peggy Wilson; Rep. Alan Dick; Rep. Neal Foster; Rep. Bob Herron; Rep. Cathy Munoz; Rep. Berta Gardner; Rep. Scott Kawasaki
Cc: John@agcak.org; Ben Northey; Brian Vreeling; Julie Olson
Subject: RE: Mining License Tax - Bill Number HB298

The Mining License Tax law puts a lot of burden on businesses that extract sand and gravel to build roads and infrastructure in Alaska. The Mining License Tax Return (MLTR) requires us to segregate the mining activities of our business and that has proven to be very difficult for Colaska because of the way we track our sand and gravel activities. We spend an inordinate amount of time preparing this data every year to comply with the MLTR as well as preparing mining license renewals every year for gravel pits that we infrequently use.

Additionally, we have been going through a Dept of Revenue MLTR Audit for the past year and it also has proven to be an very arduous experience. As Corporate Controller and gatherer of the data from our Regional Controllers and staff, we collectively has spent hundreds of hours preparing schedules, pulling invoices and answering a plethora of questions regarding the MLTR and we still haven't come to the end of the audit.

Finally, the ironic part of this whole ordeal is that almost 80% of our sand and gravel production eventually gets sold to the State of Alaska DOT and local governments in the form of new and/or improved roads via the contracts that were awarded to Colaska. The bottom line is that any additional costs acquired to generate the sales of these sand gravel products translate to additional costs to our customers, mainly the State of Alaska and local governments.

In summary, as the Corporate Controller of a company that must comply with the Mining License Tax, I whole heartedly support House Bill No. 298 to exempt sand and gravel and marketable earth mining operations. My support comes from direct experience in the cost and efforts to comply with the current law which by far exceed the tax revenue generated from it.

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Corporate Controller
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