



February 22, 2014

The Honorable Representative Peggy Wilson
House Transportation Committee
State Capitol Room 406
Juneau, AK 99801

Subject: House Bill 314 Passenger Vehicle Rental Tax

Chairman Wilson,

This letter is being written in support of House Bill 314. CONAM Construction Company is a statewide General Contractor specializing in oilfield construction and maintenance. Our equipment fleet in the state is used primarily in support of our construction operations. Occasionally, we rent heavy equipment and vehicles to clients and other third parties, also for use in oilfield services. We do not rent equipment or vehicles to the general public for recreational purposes.

We support HB 314 because it will clarify the original intent of the statute which was to tax short term vehicle rentals used in the tourism industry in Alaska. It was not intended to tax rentals of vehicles from one Alaska business to another Alaska business, which ultimately puts yet another unnecessary government tax burden on the local Alaskan economy. The Bill also revises the minimum gross vehicle weight limit in the statute from 8,500 lbs. to 6,500 lbs. which will capture the class of vehicles the current statute originally intended.

If the statute isn't clarified through the passing of House Bill 314, there will be a substantial negative impact on many Alaska oilfield service companies. The Department of Revenue has only recently tried to collect vehicle rental taxes, penalties and interest dating back to 2004 from oilfield contractors not previously considered applicable under the statute. Why now? I ask for your support in passing HB 314.

Thank you for your consideration and if you need further information from CONAM Construction Company, please contact me at dkissee@conamco.com or by phone at 907-278-6600.

Very truly yours,
CONAM CONSTRUCTION COMPANY

Dale Kisse
President

Cc: Representative.Steve.Thompson@akleg.gov