



7000 East Palmer-Wasilla Hwy • Palmer, Alaska 99545 Tel (907) 746-3144 Fax (907) 746-5557

www.cruzconstruct.com

February 26, 2014

Senator Dennis Egan
Senate Transportation Committee
State Capitol Room 9
Juneau, AK 99801

RE: SB 178 Passenger Vehicle Rental Tax

Dear Dennis

Cruz Construction Incorporated is an Alaskan owned business and we work with local businesses all over the state. Some of our projects require us to rent/lease vehicles and equipment for our many projects to build Alaska.

We understand the State of Alaska rental car tax was intended for tourists renting cars for short term duration, not for construction companies renting work trucks over extended periods for industrial uses. This 10% tax would greatly affect companies who rent in this state for weeks even months at a time would be crippling to their budgets and deadlines. It is substantial not just for my business but all businesses locally in Alaska that SB 178 amendments would be an asset. We want to make it easier to build Alaska into a brighter future.

We look forward to a quick passage of SB178.

Best,

A handwritten signature in black ink, appearing to read "Dave Cruz".

Dave Cruz, President of Cruz Companies



February 27, 2014

The Honorable Senator Dennis Egan
Senate Transportation Committee
State Capitol Room 9
Juneau, Alaska 99801

RE: SB 178 Passenger Vehicle Rental Tax

Dear Senator Egan:

This letter is in support of your efforts to clarify legislative intent for state tax on rental car use.

Repsol is an oil and gas company exploring new leases in Alaska. We rely on contractors to work on our North Slope leases and are concerned that a new interpretation of a ten-year-old statute would consider vehicles used by our contractors as "rental cars" subject to the Rental Car Tax. Such an interpretation would have an immediate and negative impact upon our business.

We do not think it is in the best interest of Alaska to add costs to doing business in what is already an expensive operating environment. We hope the legislature will recognize this new interpretation runs counter to the State's goals of encouraging investment and promoting economic activities that create jobs.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill Hardham".

Bill Hardham
Alaska Project Manager

Cc: Senator Bishop

Brittany Hutchison

From: Scott Thorson
Sent: Friday, February 28, 2014 11:39 AM
To: Sen. Click Bishop
Subject: Senate Bill 178

Dear Senator Bishop:

I am writing to express my strong support for Senate Bill 178, an Act relating to the application of the passenger vehicle rental tax; and providing for an effective date.

I believe the Department of Revenue has gone too far in its changing interpretation of the car rental tax. Raiding Alaska owned businesses with armed tactical law enforcement units was completely uncalled for. I also think it was very unfair to change the interpretation of this tax and expect to collect revenue going back several years.

In one case I am familiar with the company was contacted several years ago regarding this tax. The company in question provided the requested documentation and never heard back from DOR regarding the matter. Four years later the DOR raided this company right in the middle of a board meeting. Many of the officers were armed, like they were making some sort of drug raid. Most or maybe all of their computers were confiscated which it made it almost impossible for them to conduct business. I thought this was very heavy handed and completely unnecessary.

I am very glad you are working to resolve this problem and prevent a repeat of this in the future with Senate Bill 178. I hope you are able to pass it out of committee and get it to the floor for a vote soon.

Thank you for your time and effort to resolve this problem.

Scott Thorson

Anchorage, AK

Alaska Oil and Gas Association



121 W. Fireweed Lane, Suite 207
Anchorage, Alaska 99503-2035
Phone: (907) 272-1481 Fax: (907) 279-8114
Kara Moriarty, President/CEO

March 11, 2014

Senator Click Bishop
State Capitol
Juneau, Alaska 99811

Re: SB 178, Passenger Vehicle Rental Tax

Dear Senator Bishop,

The Alaska Oil and Gas Association (AOGA) formally supports SB 178, Passenger Vehicle Rental Tax. AOGA is the business trade organization representing the majority of oil and gas producers, explorers, refiners, transporters and marketers in Alaska. With 15 member companies, we represent both large and small companies with interests on the North Slope, in the Cook Inlet and in the Outer Continental Shelf.

We understand the Department of Revenue has sought to apply the rental vehicle tax retroactively back to 2004. Requiring my member companies to pay a 10 percent rental vehicle tax on all leases for the past nine years that was not anticipated nor budgeted for essentially results in a retroactive tax increase, which further challenges the economics of operating on the North Slope.

SB 178 clarifies and amends the rental vehicle tax to make it clear that the rental vehicle tax does not apply to Alaska businesses making long-term rentals to other Alaska businesses. In our mind, this is a fair solution for an issue that surely was not intended to hamper economic growth.

We also appreciate the bill's provision that reduces the minimum gross vehicle weight rating to qualify for this exemption from 8,500 lbs to 6,500 lbs. This insures the rental vehicle tax is not applied to Alaska businesses engaged in commercial rentals of heavy vehicles, many of which operate on the North Slope, and in support of oil and gas operations in the Cook Inlet.

Thank you for introducing this bill and we look forward to providing support for the legislation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kara Moriarty", is written over a horizontal line.

KARA MORIARTY
President/CEO

Cc: Representative Steve Thompson