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Governor Bill Walker
STATE OF ALASKA

January 15, 2016

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to exemptions from the mining license tax; relating to the mining license tax rate; and relating to mining license application, renewal, and fees.

The bill would increase the mining license tax rate from seven percent to nine percent for a portion of net income in excess of \$100,000. The new tax rate would apply the first taxable year (which may be a fiscal year or a calendar year) beginning after the effective date of the bill. This legislation is expected to generate addition revenue of approximately \$6,000,000 annually.

The bill would also repeal the exemption from paying the mining license tax that currently applies to operations for three and one-half years after production begins. References to the exemption in related statutes also would be repealed. The bill would provide for the exemption to continue to apply to mining operations if production begins before July 1, 2016.

To increase administrative efficiency for the Department of Revenue and state taxpayers, the bill would require the electronic submission of tax returns with an exemption available upon request. The bill would also establish an application fee of \$50 for a mining license application and for each annual renewal.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink that reads "Bill Walker".

Bill Walker
Governor

Enclosure