



Council of
Alaska Producers

November 20, 2015

Commissioner Randy Hoffbeck
Department of Revenue
P.O. Box 110400
Juneau, AK 99811-0400

Dear Commissioner Hoffbeck,

On behalf of the Board of Directors of the Council of Alaska Producers (CAP), I want to thank you, Marcia Davis, Fred Parady, Ken Alper, and Brandon Spanos for meeting with us on Tuesday to present the Administration's fiscal plan.

CAP is a non-profit trade association formed in 1992 and serves as a spokesperson for large metal mines and major metal developmental projects in the state. Bringing together mining companies with interest in Alaska, the Council represents and informs members on legislative and regulatory issues, supports and advances the mining industry, educates members, the media, and the general public on mining related issues, and promotes economic opportunity and environmentally sound mining practices.

As businesses that have had to make tough decisions to optimize operations, cutting budgets and positions over the past four years of declining mineral prices, we appreciate the depth of the State's fiscal challenge. We also commend your efforts to seek input from stakeholders on your fiscal plan.

While the State of Alaska cannot cut its way out of the budget deficit, additional cost-containment and efficiencies are still needed. We concur that use of the Permanent Fund earnings is a viable option to fill the greatest portion of the deficit and it would engage all Alaskans in the solution. But no one industry should be singled out to cover the remaining gap. As you know, the State already receives more revenue from mining than it costs to manage our industry. This is not the case for all industries in Alaska.

As Alaskan businesses willing to do our share, we will support your efforts to obtain consensus for a broad-based approach. Toward that end, we believe that a moderate increase in corporate income tax is the simplest and most equitable way for the entire business community to be part of the solution. An additional benefit of this approach is that it would have very little,

if any, administrative cost to the State because systems are already in place to collect corporate income tax.

We remain ready to provide additional information and work with you on this challenging but vital issue.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Matthias". The signature is fluid and cursive, with a long horizontal stroke at the end.

Karen Matthias
Managing Consultant

cc by email:

Governor Bill Walker

Marcia Davis, Deputy Chief of Staff, Office of the Governor

Commissioner Mark Myers, DNR

Deputy Commissioner Ed Fogels, DNR

Deputy Commissioner Fred Parady, DCCED

Ken Alper, Director, Tax Division, DOR

Brendon Spanos, Deputy Director, Tax Division, DOR