

HOMPESCH & EVANS

ATTORNEYS AT LAW

A PROFESSIONAL CORPORATION

119 N. CUSHMAN STREET, SUITE 400
FAIRBANKS, ALASKA 99701-2879

TELEPHONE

(907)452-1700

FACSIMILE

(907)456-5693

EMAIL:

hompesch@hompesch.com

RICHARD W. HOMPESCH II*

SUSAN L. EVANS

DEREK R. AVERETT

KALINA GRABINSKA-MARUSEK**

* Admitted in Montana

** Admitted in New York

PROFESSIONAL STAFF

BARBARA CORY-HOMPESCH

ENROLLED AGENT (IRS)

March 26, 2015

VIA FAX (907) 465-3258

Senator John Coghill
State Capitol Room 119
Juneau, Alaska 99801
Attention: German Vaquero

Re: Senate Bills 15 and 47

Dear Senator Coghill:

I support the passage of Senate Bill 15 and Senate Bill 47. I am a trust and estate attorney who has worked in Fairbanks for nearly 31 years.

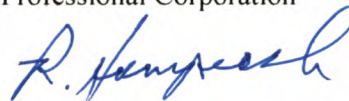
Senate Bill 15 will make Alaska as competitive as South Dakota for high premium private placement life insurance policies. Before we lowered our premium tax on policies with annual premiums of over \$100,000, we sold few, if any, of these policies in Alaska. As a result of the changes in our premium tax, Alaska captured a share of this market and benefited from tax revenue that it did not previously receive. These policies are being sold to trustees of trusts created and administered under Alaska law who want to insure the lives of high net worth individuals who live outside of Alaska. As Alaska began to capture more of this market, South Dakota responded in kind and lowered its premium tax in an effort to take business from Alaska. The most misunderstood aspect of SB 15 is that it will result in more revenue to Alaska – not less. Unless we lower our premium tax and remain competitive with South Dakota, all large private placement life insurance policies will be sold in South Dakota and held in South Dakota Trusts. In short, Alaska will lose out.

Senate Bill 47 is also important to our state and will help those Alaskans who use life insurance to protect their families. Our current law that exempts up to \$500,000 of cash value in life insurance and annuities is much better than the old exemption of \$10,000. However, when one considers inflation and the costs of living in Alaska \$500,000 will not support an elderly couple living in Alaska for very many years. For this reason I support an unlimited exemption on the cash value of life insurance and annuities.

Please feel free to contact me if you have any questions.

Sincerely,

HOMPESCH & EVANS
A Professional Corporation



Richard W. Hompesch II

RWH

TRANSMISSION VERIFICATION REPORT

TIME : 03/26/2015 16:08
NAME :
FAX :
TEL :
SER.# : U63315C3J366544

DATE, TIME	03/26 16:06
FAX NO./NAME	19074653258
DURATION	00:01:09
PAGE(S)	02
RESULT	OK
MODE	STANDARD