



3/31/2017

Midnight Sun Home Care

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The Honorable Les Gara
State Capitol Building
Juneau, Alaska 99801-1182

RE: House Bill 36

Dear Representative Gara:

I am writing to express my opposition to House Bill 36. Midnight Sun Home Care has been serving Alaskans since 2002 and currently employ 105 people in the Anchorage and MatSu Borough's. We provide an important part of the health care continuum for elderly, disabled and injured adult Alaskans.

HB 36 creates an income tax on my small business as it will hundreds of other small business like mine in Alaska. We are the job creators and we are the ones that live here, year-round and an integral part of each of our communities. History has been clear that states that have adopted such taxing schemes faced economic decline and at time when Alaska's economy is not fairing so well, it's like hitting a man when he already down.

My company is setup as a 'S' Corp and this certainly will create a double tax situation and possibly a triple tax [once the state passes a personal income tax] as I am an employee of the company and taxed on any meager profits we make. I am already pressured federally to stay small or even operate close to the line between making a profit and not making a profit. Make too much profit, and I had better make a large enough sum to pay for the amount of taxes I will be burdened with. In other words, grow or just exist and continually face going under. It is quite the balancing act in these recessed times.

The problem as I am seeing it, and most people I talk to agree is that legislators and those they are beholdng to seem to think if you just had 'more' you could solve our social and economic issues. The problem is 'more' is never enough because you always want more. It's an insatiable lust. I know you have hear all of this before, but when there isn't enough money coming into my household, I had better cut costs, or give something up entirely. It's about time the state did likewise and lead by example.

Please do not adopt HB 36 and let us small business owners do what we do best, grow jobs and grow our economy.

Sincerely,


Kevin Turkington
Founder & CEO





The Voice of Small Business.®

ALASKA

March 24, 2017

The Honorable Les Gara
State Capitol Building
Juneau, Alaska 99801-1182

RE: House Bill 36

Dear Representative Gara:

On behalf of the National Federation of Independent Business/Alaska, I wish to respectfully share our opposition to House Bill 36. The National Federation of Independent Business is the largest small-business advocacy group in Alaska.

HB 36 creates an income tax on small Alaskan businesses that has long been known as an impediment to economic growth. The American Legislative Exchange Council studied the economic growth of 11 states that have adopted an income tax in the past 50 years. They found that the 11 states faced economic decline or, at least were outpaced by the rest of the 39 states. Given Alaska's fragile economy, this is not the time to add burdens that will slow our economy even more.

All Alaskans were affected by the reduction in the 2016 Permanent Fund Dividend. HB 36 would add additional income reductions to sole proprietors and partnerships operating Alaska's small businesses.

Most Alaskan small businesses file federal taxes as individuals, thus adding a state income tax will impact their businesses differently than most individuals. As you probably know, the federal tax code favors big businesses over small businesses. This bill continues that imbalance.

We are concerned that the proposed tax will just be a beginning point. Government has an insatiable appetite for funding. Providing added funding before reducing the size and scope of our government to a level that can be afforded over the long-term simply pushes that reality to future years while charging Alaskans more of their disposable income in the interim.

We encourage you not adopt the income tax on a segment of Alaska's population as proposed in HB 36.

Sincerely yours,

A handwritten signature in blue ink, reading "Dennis L. DeWitt".

Dennis L. DeWitt
Alaska State Director

Cc: NFIB/AK Leadership Council
House Labor & Commerce Committee

Tally Teal

From: Carolina Stacey [REDACTED]
Sent: Sunday, April 02, 2017 11:47 PM
To: Rep. Sam Kito
Subject: House bill 36

My name is Carolina Stacey; I have been an Alaskan resident for 26 years. My husband and I own several business and are active members of our community. We have two children and hope for a good Alaskan future not only for us and for them.

I am calling you to express my discontent and gloom at the proposed HB 36.

The economic atmosphere that Alaska is experiencing currently is not optimal. Our business are seeing a reduction in sales anywhere from 10 to 20 % from the previous year. Our vendors confirm it too; they are seeing reduced sales across industries. In other words Alaska is experiencing an economic downturn. House Bill 36 titled "Fair Contributions by High Profit Business Act" affects every business making over \$200000.00 in profits per year.

This bill has 3 major flaws. 1) A business with profits over \$200000 is automatically considered a highly profitable business regardless of their annual sales. 2) All business are grouped together under only one criteria. Small business or large business are the same regardless of size, number of employees, or even industry. And 3) this bill aims to tax only individuals that are business owner or investor instead of taxing ALL citizens.

Everyone one needs to be invested in our community not just business owners.

I joined on the presentation that explained this bill and as examples they used business that are making 10million dollars, or 5Million dollars and how these business need to contribute to our community and state. But the only criteria used to define a highly profitable business is its income. If a company has sales of \$8 million dollars and profits of \$200000.00 this company would only be running at a 2% margin of profitability. It would be a joke to say this company is highly profitable. Profits alone are not an accurate representation of how lucrative a company is, or even how stable it is. This is a huge flaw that must be addressed. Small business are not the same as large ones. You cannot compare a mom and pop shop to Coca Cola or Walmart; it is not fail.

I want to show you how a bill like this would affect my small business. I own a coffee shop. I am a hands on owner and my hours as an owners are 24/7. When someone calls in I cover shifts even if I have already finished mine. The never ending shopping, I must keep our shop stocked for business. If something breaks I have to fix it not matter how inconvenient it is or costly. I can go on. Yes these are the responsibilities of an owner and yes they are also they joys of being your own boss. But I can testify that I already pay most of my employees more than I pay my self. Let me say that again: my employees receive a GARANTEED paycheck; they get payed before I do. They get pay more than I do. WHY??? Because my income is tied to my business profitability.

When you group my small coffee shop with business that are earning \$10million in profits you are being UNFAIR! At the end of the day when my shop has profits it is the sum of my family's hard labor. We work very hard to make our business as profitable as possible not only for us but for our employees because the better we do the better they do. My small business cannot be grouped in the same category as a large business. House bill 36 is asking small business owners like me to pay myself less at the end of the year.

What this house bill is suggesting is a legal form of double taxation. Small business like ours will end up paying taxes on their net profits and then we also will have to pay taxes again on that income as profits flow to owners.

When does it end... why is it expected to come from business owners; Why not from every citizen. Why are we singling out business when we could ask everyone to invest in our community?

If we are going to add taxes make it so everyone pays. Do a sales tax so EVERYONE takes a bite of the pie not just business owner. We are hardworking people that are offering and providing employment, contributing to the economy. We are the driving force that promotes a healthy economic environment in Alaska. Why are we going to tax the same people over and over?

If we want business to grow and flourish Alaska needs to provide a friendly environment for business to operate.

Do not group small businesses along with large corporations. **Please please** realize that all of these governmental regulations that are coming up are creating a very hostile environment to do business. The rewards to operate and run a business are diminishing rapidly.

Thank you

Carolina Stacey

Tally Teal

From: Carolina Stacey [REDACTED]
Sent: Monday, April 03, 2017 12:08 AM
To: Rep. Sam Kito
Subject: HB 36

Follow Up Flag: Follow up
Flag Status: Flagged

Hello;

I am not happy with House bill 36. It does not favor small business; instead it groups them together with large corporations. The ceiling of \$200000.00 of profits need to be raised to \$500000.00 to allow small business owners a better chance to weather out economic storms. I believe the intention of this bill is to capture revenue for the state but we need to continue to provide and enticing environment for our smaller business that provide much needed employment for our state.

Thank you
Joe Gomez