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Governor Bill Walker
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May 26, 2016

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 218
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; the mining license tax rate; and mining license application, renewal, and fees and removing the application of the exploration incentive credit to mining production royalty payments.

The bill would amend the exemption from paying the mining license tax that currently applies to operations for three and one-half years after production begins. The exemption would remain, but for two years.

The bill also 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 to the first taxable year (which may be a fiscal year or a calendar year) beginning after the effective date of the bill.

Last the bill would remove the application of the exploration incentive credit to mining production royalty payable under AS 38.05.135 - 38.05.160 and AS 38.05.212 for production from a mining operation.

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