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Government never has a revenue problem. Government only has a spending problem. Government would always like to spend more than revenues received. Government has gotten used to a higher level of spending than in the past, accounting for inflation. Government does not generate wealth. It can only take wealth from the private sector and spend it.

Among other things, this bill proposes to increase the tax rate on mines. Mines are run by companies and companies are made of employees. Employees of Alaskan mines are largely Alaskans. We pay taxes and fees through our companies and as individuals. Will raising the tax rate on our companies increase state revenue and raise the incomes and spending power of Alaska employees? Maybe yes, maybe no. There is no analysis of how this bill would affect state REVENUES.

How would an increase of two percentage points, which is a 29% tax rate increase, affect mine tax revenue? What would be the effect on future mine investment and the hundreds of jobs and salaries that would be created? Have any mining economists been consulted to assist in projecting the impacts on revenues from our current mines, development properties, and prospects? How would this marginal increase in tax rate impact investment decision making in these times of narrow margin due to low commodity prices? How might this rate increase effect junior mining company's ability to raise capital for exploration? Exploration is the future of mining. How will this rate effect mine mouth exploration and the search for additional ore? What would be the loss of resource recovery and mine life associated with higher operating costs? Today's ore may become tomorrow's mineralized rock. By definition, only ore can be mined at a profit. Mineralized rock is waste.

Assumptions must always be made in an economic analysis. There is nothing wrong with making assumptions, but they should be stated clearly up front and usually sensitivies are then run to test how important those assumptions may be to the ultimate financial decision. In this case that decision is whether to raise the tax rate on mines and whether miners will build more mines. There is no analysis to suggest whether or not this will positively affect state tax revenue in the short or long-terms. Given the potential negative impact on industry and employees, how is it reasonable to make this change without doing that analysis?