



301 Cushman St., Suite 301, Fairbanks, AK 99701

February 27, 2012

Representative Kurt Olson, Chair
House Labor and Commerce Committee
State Capitol, Room 24
Juneau, AK 99801-1182

Dear Representative Olson,

Representative Mia Costello has introduced House Bill 252 to encourage investment in intellectual property and high growth type businesses through a short term exemption from Alaska corporate income taxation to Qualified Small Business Corporations (QSBC's) focusing on Software, Manufacturing, Technology Innovation, and Invention.

At the Fairbanks Economic Development Corporation (FEDC), we recognize the need for this type of legislation. FEDC believes that this could significantly contribute to the Alaska economy though supporting growth in high value Alaskan jobs, supporting diversification of the Alaska economy and helping to reduce emigration due to lack of economic opportunities.

Although S Corp and LLC entities are exempt from AK corporate income tax, a C Corp structure better serves the legal, accounting and capital raising needs of targeted high growth industries. In addition, investment advocates desire front-end tax breaks due to the risk of young companies. Today investors only obtain capital-gains tax breaks after many years, generally when a company is sold or goes public. Businesses often fail, yielding no capital-gain.

HB 252 introduced by Representative Mia Costello exempts QSBCs structured as C Corporations from Alaska corporate income taxation.

Currently, the Administration and Congress are proposing a permanent federal exemption of capital-gain taxes on QSBC's during the 2012 session. If this legislation passes and HB 252 passes, Alaska will be the most tax competitive state to grow these innovative companies.

Thank you,

A handwritten signature in black ink, appearing to read "Jim Dodson".

Jim Dodson
President & CEO
Fairbanks Economic Development Corporation