



ASSOCIATED GENERAL CONTRACTORS of ALASKA

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January 31, 2012

Representative Eric Feige
State Capitol, Room 126
Juneau, AK 99801-1182

Re: HB 298

Dear Representative Feige: *Eric*

On behalf of the Associated General Contractors of Alaska, a construction trade association of over 650 business members, representing the majority of the construction industry in Alaska, I ask for your support of HB 298.

Working with our affected companies last spring, we realized that the present mining license tax structure was poorly applied to aggregate production in the construction industry.

Last summer we started working with the Department of Revenue on the problems with the present tax as it applies to quarry rock and sand and gravel operations in Alaska and how the present requirements could be improved on a revenue neutral basis. After researching the revenue to the State and the cost of administration, it was recommended that quarry rock and sand and gravel operations should be exempted from the requirements.

This has been a cooperative effort between industry and the administration. We quickly recognized that this was a true nuisance tax. For the State, it produced little revenue. For the construction industry, it is very complicated to calculate and even more complicated to audit, for relatively little revenue to the state and many times more expense to industry. When you consider that the majority of the mined and processed product goes into public works projects, government is paying most of the associated costs and the tax, at the expense of our projects.

I urge you to support HB 298 and this exemption to the mining license tax.

Sincerely,

John MacKinnon
Executive Director
Associated General Contractors of Alaska