



CALISTA CORPORATION  
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January 31, 2012

Representative Paul Seaton  
Representative Eric Feige  
Representative Peggy Wilson  
Representative Alan Dick  
Representative Neal Foster

Representative Bob Herron  
Representative Cathy Munoz  
Representative Berta Gardner  
Representative Scott Kawasaki

Alaska State Capital Building  
Juneau, Alaska, 99801

Re: House Bill 298

Dear Representatives:

On behalf of Calista Corporation, this letter is to inform you that we support House Bill 298 which will exempt sand, quarry rock and gravel mining from the State of Alaska Mining License Tax. The existing law does not fit the industry; is a huge annual paperwork exercise for small operators and land owners; and creates a large burden to Alaska Department of Revenue while generating very little revenue.

HB298 will effectively eliminate a needless workload for industry professionals and the Department of Revenue Auditors. State Mining Tax Law (AS 43.65) assumes a level of technical sophistication that is more typical of the large metal mining industry, and which simply does not exist for sand, quarry rock, and gravel operators'. In Alaska these type operations do not have reserves or even data needed to calculate the type of information that is being requested in any reliable form or manner. For the construction companies and royalty-receiving land owners to collect and provide the information necessary to - calculate reserves, accurately comply with the existing data requirements, and annually file tax returns, would render most operations uneconomical due to the capitalization and operational costs; as well as, preclude adequate funding needed for the already challenged public works projects and programs existing in Alaska.

As an example, several years ago Department of Revenue advised operators and land owners they were out of compliance and must file for the preceding 5 years. It took Calista's Senior Geologist *full time efforts for the equivalent of one year* to compile a database from available but limited records of 50 regional sand and gravel borrow site operations with the result being no state tax revenue. Currently, compliance with existing law requires two professionals two weeks a year to compile data and complete returns for several dozen small operations. Such operations provide critical construction material for needed public works projects and the state negligible revenue if any despite the high expense that is borne by the state and the operators.

Calista strongly supports implementation of HB 298 to provide relief to operators, landowners and Department of Revenue Auditors. Thank you for the opportunity to comment on this important piece of legislation.

Respectfully,

Andrew Guy  
President and Chief Executive Officer