

Sheep Creek Development, LLC
P.O. Box 71577
Fairbanks, AK 99707

January 31, 2012

Alaska House of Representative and Senate Members
Capitol Building

Re: HB 298 and SB 176

Dear House and Senate Members:

I am writing this letter to request your support for HB 298 and SB 176.

Sheep Creek Development and one of our individual members own substantial parcels of patented mining claims which were purchased with millions of cubic yards of stacked and processed tailings and fines produced as a byproduct of gold dredge and placer mining operations performed by the former owners.

During 2008, the State of Alaska, Department of Revenue attempted to incorrectly impose the MLT and its requirements on our company. We spent significant sums retaining legal and mining tax professionals, and hundreds of uncompensated hours of personal time, to document and assert our position that we were and are not miners. While it appears DOR informally agreed with our position, it is certainly possible that they could revisit the matter at a future date. Passage of this bill would provide certainty for us and the many other companies who purchased old mining claims with tailings on them which DOR has incorrectly asserted or asserts are subject to the MLT.

Unlike other minerals taxed under the MLT which are combusted or shipped out of state, sand and gravel and the tailings and fines we sell are used and still remain in Alaska. Our largest sales are to publicly funded projects for roads, sidings, etc. but we also sell to homeowners trying to build their driveway or a pad for their new home. Passage will lower the cost of infrastructure for all Alaskans, level the playing field between sand and gravel companies and eliminate the type of burdensome defense costs we have experienced.

Please vote to pass this legislation and do not hesitate to email or call me should you have any further questions regarding this matter.

Sincerely,



Jon Cook
Managing Member
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