Linda Hay

From: Zac Campbell <ZCampbell@COLASKA.com>
Sent: Wednesday, February 01, 2012 11:52 AM
To: Representative_Paul_Seaton@legis.state.ak.us; Representative_Eric_Feige@legis.state.ak.us; Representative_Peggy_Wilson@legis.state.ak.us; Representative_Alan_Dick@legis.state.ak.us; Representative_Neal_Foster@legis.state.ak.us; Representative_Bob_Herron@legis.state.ak.us; Representative_Cathy_Munoz@legis.state.ak.us; Representative_Berta_Gardner@legis.state.ak.us; Representative_Scott_Kawasaki@legis.state.ak.us
Subject: Mining License Tax - Bill Number HB298

I work for Colaska, Inc. as an Assistant Controller for its subsidiary QAP in Anchorage. We are a diversified construction company that works mainly on public road and airport construction projects in Anchorage and rural parts of Alaska. Along with asphalt and concrete manufacturing activities, we own several sand and gravel pits that provide materials to our construction projects as unprocessed and finished products.

My experience with Alaska Mining Tax dates back to 2009. I've found the process of filing mining tax returns to be an arduous and lengthy task. The instructions for filing returns are very vague and leave room for interpretation. It is also difficult for companies structured like QAP to isolate "mining activities" because we are operating in several different construction related areas. To accommodate mining tax requirements we've had to modify how we account for our sand and gravel operations. In 2010, QAP was chosen for mining tax audit by Department of Revenue. Two years of QAP's mining tax returns have been under this audit process for more than a year. I would estimate I've spent approximately 80 hours working on the audit alone, not to mention the hours of my staff.

The internal cost of filing mining tax returns and working on audits as well as the actual mining tax itself is ultimately passed on to our customers. Our main customer is Alaska Department of Transportation and approximately 80% of our revenue is generated from AKDOT projects. I question whether or not the revenue generated by the current mining tax law exceeds the cost of compliance which is ultimately passed on to the state. I support House Bill No. 298 for the aforementioned reasons.

Sincerely,

Zac Campbell
Assistant Controller
Colaska Inc. dba QAP